



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015



ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2015

(July 1, 2014 - June 30, 2015)



DEPARTMENT OF MANAGEMENT AND FINANCE

**Mary Beth Chambers, Acting Director
Barbara A. Wiley, Comptroller**

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Vision

“Arlington will be a diverse and inclusive world-class community with secure, attractive residential and commercial neighborhoods where people unite to form a caring, learning, participating, sustainable community in which each person is important.”

ARLINGTON COUNTY BOARD

Mission

High Quality Service

Leadership Philosophy

We believe that people want to do the best job possible. When all of us share responsibility for creating a work environment with clear goals, mutual support and opportunities for continuous learning, Arlington County can best achieve its goals. We will realize our full potential through teamwork, respect for each other, sharing information, and support for individual creativity and initiative.

Principles of Government Service

***Ethics/Stewardship * Diversity / Inclusion ***

***Commitment to Employees**

***Leadership * Teamwork * Empowerment / Accountability ***

ARLINGTON COUNTY, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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INTRODUCTION



DEPARTMENT OF
MANAGEMENT AND FINANCE

2100 Clarendon Blvd., Suite 501 Arlington, VA 22201
TEL 703.228.3415 FAX 703.228.3401 EMAIL dmf@arlingtonva.us

October 30, 2015

Mary Hynes, Chair and Members of the County Board:

Section 15.2-2511 of the Code of Virginia requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (the “CAFR”) of Arlington County, Virginia (the “County”) for the fiscal year ended June 30, 2015.

This report consists of management’s representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County’s financial statements in conformity with GAAP. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County’s financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Arlington County financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are available in the last section of the CAFR under the heading Federally Assisted Programs.

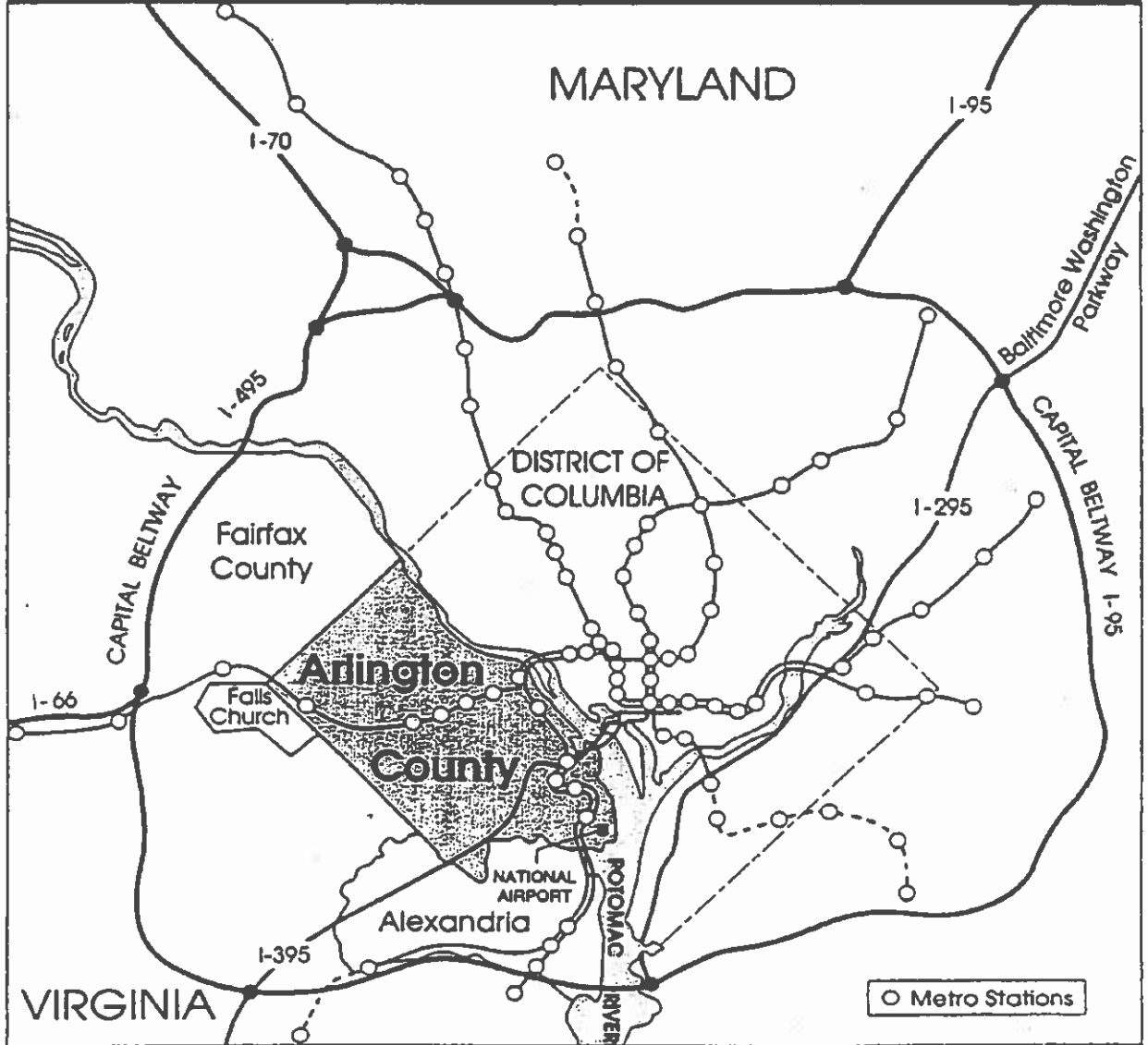
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Arlington County’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Arlington, Virginia is a world-class residential, business and tourist location that was originally part of the 10-mile square parcel of land surveyed in 1791 to be the Nation’s Capital. It is the geographically smallest self-governing county in the United States, occupying slightly less than 26 square miles. Arlington maintains a rich variety of stable neighborhoods, quality schools and diversified land use. Home to some of the most influential organizations in the world – including the Pentagon – Arlington stands out as one of America’s preeminent places to live, visit and do business.

The geographical area of the County is 25.7 square miles of which 4.6 square miles is under the control of the Federal Government. There are no cities or towns within the County giving Arlington County both city and county functions, and thereby establishing Arlington County as one of the few urban unitary forms of government in the United States. The Virginia Supreme Court held in 1923 that the County is a continuous, contiguous, homogeneous entity and therefore cannot be

WASHINGTON METRO AREA MAP



subdivided for the establishment of towns, nor can any part of the County be annexed by neighboring jurisdictions. The land in Arlington County is almost totally developed. In addition to single family neighborhoods, there are sizable concentrations of high-rise commercial and office space, especially in the Rosslyn-Ballston and Jefferson Davis/Crystal City Metro corridors.

As required by Virginia Law, the County seeks to have real property in the County assessed annually at 100% of fair market value. The assessed value of taxable real property on January 1, 2015 was \$69.3 billion. The County government's adopted budget for all funds for Fiscal Year 2015 totaled \$1,488.7 million, which included \$547.8 million for public primary and secondary education. The legislative and policy-making body of the County is the five-member County Board whose members are elected at-large for staggered four-year terms. The County Board appoints the County Manager who serves as the chief executive and administrative officer. It is the County Manager's responsibility to appoint the department heads. Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932.

Arlington County is also financially accountable for a legally separate school system (the "Schools") which is reported separately within the County financial statements. The five-member School Board is elected by the citizens. The School Board appoints the Superintendent of Schools as the chief administrative officer for the County's public school system. The School Board has no taxing authority or authority to issue debt and receives its spending authority from the County Board. Additional information on this legally separate entity can be found in Note 1.I.A in the notes to the financial statements.

In addition to the County and School Boards, other elected County officials include the Commonwealth's Attorney, the Commissioner of Revenue, the Treasurer, the Sheriff, and the Clerk of the Circuit Court. The Commonwealth of Virginia's General Assembly appoints the judges of the Circuit Court, the General District Court, and the Juvenile and Domestic Relations Court.

Because of its unique unitary structure, the County provides a full range of local government services often associated with both cities and counties. These services include public safety (police and fire protection), judicial (courts, prosecuting offices and detention center), water and sewer, health, welfare and social services, public improvements, streets and highways, planning and zoning, community planning and development, libraries, parks and recreation, education and general administrative services. With respect to streets and highways, the County is one of only a few of the ninety-five counties in the Commonwealth of Virginia which are responsible for street and highway construction and maintenance; in the other counties, the Virginia Department of Transportation is the responsible entity. Also, the County is one of the few jurisdictions in Virginia that has fully melded the State health function into its County government organization.

The annual budget serves as the foundation for Arlington County's financial planning and control. All departments of the County are required to submit requests for appropriation to the County Manager by November of each year. The County Manager uses these requests as the starting point for developing a proposed budget. The County Manager's proposed budget for the following fiscal year is presented to the County Board in February.

Public hearings on the proposed budget and tax rates are held in March; the County Board also holds a series of work sessions during which preliminary funding decisions regarding proposed operating and capital programs are considered. Final County Board decisions are incorporated into the appropriation, tax, and budget resolutions for the fiscal year. These resolutions are generally approved by the County Board in April and a separate Adopted Budget document is issued subsequent to the Board approval. Under Virginia law, the County Board must adopt a School Board budget no later than May 1 of the current fiscal year.

The annual budget is prepared by fund, department, program and type of expense within departments/programs. Department directors may make transfers of appropriations within a department with Department of Management and Finance approval. Transfers of appropriations between departments, and transfers between funds require the approval of the County Manager and County Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit 5 as part of the basic financial statements for the governmental activities. For governmental funds, other than the general fund, with appropriated annual budgets, these comparisons are presented in the supplemental subsections of this report, in Exhibits B-3, B-4, B-5, B-6, B-7 and B-8. For the discrete component unit Schools, these comparisons are presented in Exhibit G-3.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

Beyond world-famous sites and attractions in the nation's capital, and located just across the Potomac River, Arlington is a lively hub of commerce, culture, recreation and tourism, supported by one of the most diverse, educated and affluent populations in the world. In addition, the County contains substantial office, residential, and rental development that serves to diversify its property tax base. Arlington's economy is outperforming national and regional averages, as evidenced by key metrics related to office demand, retail sales, and tourism all showing stable or improved levels over the past three years. Arlington's 2014 tax base is approximately divided between 49% commercial and 51% residential properties, enabling the County to maintain a competitive property tax rate in the Washington DC region. In CY 2015, the tax rate (the base rate plus the county wide sanitary district tax rate) remained flat from CY 2014 at \$0.996 per \$100 of assessed value. CY 2015 assessments showed modest growth primarily fueled by strength in the residential market as well as new construction in commercial properties and strength in apartments. Assessed valuation of real property increased 3.4% from CY 2014 to CY 2015. CY 2015 commercial assessments (including multifamily rental buildings) increased 1.3% over CY 2014. Apartment buildings showed growth of 7.7%, which included a 3.0% increase from new construction. Commercial properties decreased 2.6% due in part to increased office vacancy rates. Decreases in office and hotel assessments were partially offset by strength in general commercial properties, which reflect a small percent of the tax base. The residential property assessment base increased 5.41% in the aggregate. Including new construction, single-family houses (including townhouses) increased 5.7%, while condominium assessment totals increased by 4.7% in CY 2015. The average value of a single-family property increased by 4.9%: from \$552,700 in CY 2014 to \$579,800 in CY 2015.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. Elegant high-rises, national and regional corporate and association headquarters, bustling Metro stations, upscale hotels, a dynamic and diverse retail sector, a diverse cultural scene, an exciting nightlife with more than six million square feet of retail space, over 500 restaurants and live theaters make Arlington a premier place to live, work, play and stay. Arlington is the epitome of smart growth and new urbanism. Since 1960, some forty-two million (42M) square feet of office and commercial space has been built in the Rosslyn-Ballston or Jefferson Davis corridors, which also contain ninety percent (90%) of Arlington's over 10,000 hotel rooms. This excludes federally owned office buildings such as the Pentagon, which is the headquarters of the U.S. Department of Defense. In addition, more than 3,900 new residential units have been delivered in the past three years and nearly 2,600 remain under construction. In the 2nd quarter of 2015, the County's office vacancy rate was 20.6%. The residential unemployment rate is very low, averaging 3.1% for FY 2015, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In May 2015, the County's outstanding financial management, sizable and affluent tax base, controlled expenditure growth and moderate debt burden were cited as reasons Standard and Poor's, Moody's, and Fitch's Investor Services reaffirmed the County's top AAA/Aaa/AAA ratings. The triple AAA/Aaa/AAA rating validates that Arlington's financial position is strong, with ample liquidity, sound general fund reserves, a competitive tax structure, and excellent financial planning. The continued growth of high wage jobs in the technology, research and financial services sectors, high per-capita retail sales and strong operating reserves serve to establish Arlington County, as of June 30, 2015, as only one of 39 counties in the United States with top bond ratings from all three major bond-rating agencies.

Long-Term Financial Planning

The Arlington Vision adopted by the Arlington County Board in 2001, provides the overarching framework for our strategic and operational decision making. The vision provides the continuity necessary to execute both short and long-term policy and resource decisions. The annual budget serves as Arlington's annual operations plan. Multi-year strategies are incorporated into a Management Plan, which supports the Board's vision and is updated annually. Eight core themes are contained in the 2015 Management Plan that support the Board's vision:

- Social Safety Net

Arlington Vision

"Arlington will be a diverse and inclusive world-class urban community with secure, attractive residential and commercial neighborhoods where people unite to form a caring, learning, participating, sustainable community in which each person is important."

— Arlington County Board

- Economic Sustainability
- Fiscal Sustainability
- Environmental Sustainability
- Civic Engagement
- Capital Improvement Plan
- County-School Collaboration
- Fitness & Health

The budget adopted by the County Board for FY 2016 reflects Arlington’s progressive values, is fiscally responsible, fully funds the School Board’s request for the 8th consecutive year, maintains programs for our neighbors who are struggling, and provides more resources for economic development in an increasingly competitive region, while maintaining the current tax rate for residents and businesses. The county government’s adopted budget for all funds for FY 2016 increased 0.7% provides additional funding for schools and economic development primarily raised by closing the Artisphere arts center. The FY 2016 adopted General Fund budget maintains the real estate tax rate and the General Fund budget is 1.1% higher than the FY 2015 adopted budget. Despite the economic challenges, the General Fund budget of \$1.16 billion protects the community’s key priorities and is sustainable and responsible. Arlington continues to economically surpass much of the region and the nation. Arlington’s unemployment rate remains the lowest in the Commonwealth. The county’s per capital income remains among the highest in the state. Home prices continue on a positive trajectory, which help balance the flat commercial real estate sector. While Arlington is in a better position than many communities in the nation, the Base Realignment and Closure (BRAC) process and the sluggish pace of the nation’s economic recovery will continue to put pressure on the county budget for at least the next two years.

Taxes and Fees

Under state law, the County’s budget must be balanced fiscally. The Arlington County Board works equally hard to adopt a budget that also is balanced in policies, programs and values. It is committed to a diverse community, which means diverse needs and interests. The Board approved a CY 2015 real estate tax rate of \$0.996 cents per hundred dollars of assessed value (including the sanitary district tax). Arlington continues to have one of the lowest real estate tax rates in the Northern Virginia region, maintaining its history of providing excellent value.

A greater share of the tax burden is carried by the commercial sector, relative to homeowners, than any of its neighbors. This is the fiscal benefit of “smart growth.” The FY 2016 budget includes no increases for personal property tax, business tangible property, business and professional occupational licenses, or commercial transportation tax rates.

Economic Development

Economic development is extremely important to Arlington, and as such the FY 2016 Adopted Budget provided an additional \$900,000 to the department as well as \$400,000 in one-time funding to support tourism and TandemNSI, a public-private partnership designed to attract new entrepreneurs. In addition, the Board provided the Columbia Pike Revitalization Organization with \$100,000 annually to assist in its place-making and economic development activities.

Social Safety Net

Funding for the County’s most vulnerable continues to be a priority for the community and the County Board. Funding continued for many programs at the FY 2015 level and fully funds the costs for the new Homeless Services Center, and enhances mental health services at the Detention Center.

Public Safety and Court Services

The County is committed to smart, efficient and strategic public safety and Court services. The FY 2016 Adopted Budget fully funds police, fire, and emergency management departments, adds 5 positions in the Sheriff’s office, provides additional funding for Drug Court, provides \$100,000 to the Circuit Court Judiciary to cover an unfunded record-keeping mandate and provides a salary supplement for the Public Defender’s office to ensure they can attract and retain high quality employees. The Adopted Budget also adds funding to support an animal control officer at the Animal Welfare League.

Affordable Housing

In keeping with its vision for a diverse and inclusive community, Arlington supports a variety of housing programs to ensure a range of housing choices for households of all types and income levels. The FY 2016 Adopted Budget includes \$55.5 million in funding allocated to preserve affordable housing and assist persons to meet their housing needs. Local tax dollar support for these programs totals \$36.3 million, or 5.1 percent of County government operations (General Fund excluding Schools transfer).

Education

Like most local governments, Arlington's largest single expenditure is for schools. The public school system represents more than a third of total general fund spending, and accounts for almost half of local tax dollars. For FY 2016, the Schools will receive \$445.5 million, a 2.6% increase. The funding includes an additional \$6.2 million, adding \$19.4 million in total additional on-going funding for FY 2016 and increases School's percentage of locally generated revenue to 46.5%. The County is proud of the continuing accomplishments of its students and schools with the many notable achievements by Arlington Public Schools (APS).

- Pass rates on state assessments remain at or above 90% for all students, while the achievement gap among groups continues to narrow.
- Approximately 76% of graduating seniors completed at least one AP or IB course.
- In 2015, 92.8% of all APS students graduated on time, and the dropout rate has been reduced by almost two-thirds since 2010.
- The 2015 Washington Post Challenge Index ranked all four APS high schools in the top two percent of high schools in the U.S. This is the eighth year in a row all APS high schools have made the list.

Arlington's commitment to schools is especially significant given that this County gets less help than other jurisdictions; under the state funding formula, less than 20 percent of APS school-funding comes from sources other than local taxes. In contrast, half the cost of Prince William County Public Schools, for example, is paid by the state, while Arlington pays over 80 percent of the cost of educating our students.

Internal Control and Budgetary Accounting

The County's management team is responsible for designing, implementing and monitoring internal controls to protect the assets of the government from loss, theft or misuse and to ensure the financial statements are prepared in conformity with generally accepted accounting principals. Internal controls are intended to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of controls should not exceed the benefits that are expected from the controls.

The annual fiscal year budget serves as the annual operating plan, and is one of the three major strategic documents in the County regarding planning, in conjunction with the Annual Management Plan and the County Comprehensive Plan. Annual appropriations are adopted for the General, Utilities, Special Revenue and Internal Service Funds. Appropriations are controlled at the department level. Management can transfer funds within a department's budget as long as the total departmental appropriation is not changed without approval from the County Board. The County Board must approve changes to adopted appropriation levels. These changes can be in the form of allocations from previously established contingent accounts, appropriations from new or additional revenues, especially grants from the state or federal government, and from reappropriations from a previous fiscal year.

A ten-year capital improvement program is developed and approved separately from the operating budget. The School Board prepares a separate operations budget, supported to a large degree by transfers from the County General Fund.

Capital Improvement Program

The County Manager biennially submits a ten year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2022, this CIP presented a ten year planning period instead of six years. This shift to a longer planning horizon has many benefits including facilitating better planning and financing of major multi-year transportation and utility projects, and analyzing operating budget impacts. The CIP addresses facility and infrastructure needs of the County, including the needs of the Arlington County Public Schools. The CIP includes a detailed description of each capital project, identifying every source of funding, including pay-as-you-go (PAYG), bond financing, and master lease financing. Each project budget identifies the

financial impact on the operating budget, if any. The County balances the use of debt financing sources against the ability to utilize PAYG funding for capital projects. While major capital facility projects will generally be funded through bonds, the County attempts to maintain an appropriate balance of PAYG vs. debt, particularly in light of the County's debt capacity and analysis of maintenance capital needs. As part of each biennial CIP process, the County conducts a comprehensive assessment of its maintenance capital needs. The CIP includes an analysis of the impact the CIP has on the County's debt capacity, debt ratios and long-term financial plan.

On July 19, 2014 the Arlington County Board adopted a Capital Improvement Plan (CIP) for fiscal year 2015 to 2024, totaling \$3.2 billion for the County and Arlington Public Schools. Highlights include:

- Transportation commitment for Metro rail; ART bus; Columbia Pike Transit Stations; new entrances or elevators at Ballston-MU, Pentagon City, Courthouse and Crystal City Metro stations; Capital Bikeshare and BikeArlington, and Complete Streets projects at Army Navy Drive and East Falls Church
- Replacement of Lubber Run Community Center, one of the County's oldest community centers.
- Initial planning processes for site evaluation for a fire station in northern Arlington.
- Expansion of ConnectArlington, a County-owned fiber communications network, to further economic development goals.
- Full funding of the CIP adopted by the School Board of \$534.1 million, including one new elementary school, additions and renovations at four elementary school, and additional seats at secondary schools.
- Continued emphasis on maintenance capital – facilities, parks, technology, with increased funding in the ten year period for street paving.

Financial and Debt Management

The County prudently uses debt instruments, including general obligation bonds, revenue bonds, industrial development authority (IDA) revenue bonds, and master lease financing in order to provide re-investment in public infrastructure and to meet other public purposes, including inter-generational tax equity in capital investment. In July 2014, the Board adopted revised financial and debt management policies to ensure maintenance of Arlington's triple-Aaa bond ratings. The updated policies confirm the County's operating reserve level of five percent of general government expenditures. The policies also confirm the County's debt affordability ratios, including a modified, more conservative variable rate debt policy. Finally, a new policy regarding tax increment financing areas was added.

The County adheres to the following debt affordability criteria (excluding overlapping and self-supporting debt).

1. The ratio of net tax-supported debt service to general expenditures should not exceed ten percent, within the ten-year projection.
2. The ratio of net tax-supported debt to full market value should not exceed three percent, within the ten-year projection.
3. The ratio of net tax-supported debt to income should not exceed six percent, within the ten-year projection.
4. Growth in debt service should be sustainable and consistent with the projected growth of revenues. Debt service growth over the six year projection should not exceed the average ten year historical revenue growth.
5. The term and amortization structure of County debt will be based on an analysis of the useful life of the asset(s) being financed and the variability of the supporting revenue stream. The County will attempt to maximize the rapidity of principal repayment where possible. In no case will debt maturity exceed the useful life of the project.
6. The County will refund debt when it is in the best financial interest of the County to do so. When a refunding is undertaken to generate interest rate cost savings, the minimum aggregate present value savings will be three percent of the refunded bond principal amount.

Variable Rate Debt

1. Variable rate debt exposure should not exceed twenty percent of total outstanding debt.
2. Debt service on variable rate bonds will be budgeted at a conservative rate.
3. Before issuing variable rate bonds, the County will determine how potential spikes in the debt service will be funded.

4. Before issuing any variable rate bonds, the County will determine the impact of the bonds on the County's total debt capacity under various interest rate scenarios; evaluate the risk inherent in the County's capital structure, giving consideration to both the County's assets and its liabilities; and develop a method for budgeting for debt service.

Moral Obligation Debt or Support

On an infrequent basis, the County provides its "moral obligation" support for partners, including regional public safety agencies and affordable housing partners, among others. A moral obligation exists when the County Board has made a commitment to support the debt of another entity to prevent a potential default. The County's moral obligation will only be authorized after an evaluation of the risk to the County's balance sheet and stress testing of the financial assumptions underlying the proposed project

Other Post-employment Benefits (OPEB)

In addition to the pension benefits described in footnote 16, the County provides post-employment health care benefits to all permanent employees who meet the requirements under the County's or the State's pension plans. Eligibility is contingent upon the retiree being eligible for one of the County's current health plans at the time of retirement. The County Board considers and approves these benefits annually as part of the Adopted Budget process. As of July 1, 2014, 1,763, 1,512 and 2,020 retirees were both eligible and received benefits from the medical, dental and life plans, respectively. Funding for these OPEB benefits were made through a combination of pay-as-you-go contribution from the County's general fund and additional pre-funding contribution into the OPEB Trust that is sufficient to fully fund the Annual OPEB cost annually.

In June 2004, the Government Accounting Standards Board (GASB) issued Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. The County, beginning in fiscal year 2008, accounted for and reported in its financial statements the cost of Other Post Employment Benefits (OPEB) – health insurance, life insurance and other non-pension benefits provided to its retirees. GASB 45 required that the cost of our OPEB commitments be accounted for and reported in the same manner as pensions.

In an actuarial analysis dated June 30, 2015 the County's actuary estimated an OPEB liability of \$180.45 million (for the Fiscal Year ending June 30, 2015) with an Annual OPEB Cost (AOC) of \$18.9 million and net OPEB assets of \$0.9 million. The County Budget for FY 2016 fully funds the AOC.

In an actuarial analysis dated, June 30, 2015 the Schools' actuary estimated an OPEB liability of \$77.02 million (for Fiscal Year ending June 30, 2015) with an AOC of \$7.5 million and a net OPEB liability of \$14.4 million. The Schools' Budget for FY 2016 fully funds the AOC.

Both the County and Schools will receive annual actuarial updates and continue to monitor health care costs and consider additional plan design changes if necessary.

Annual Disclosure

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the County has agreed, for the benefit of the owners of County bonds, to provide to Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board (MSRB) and to any appropriate state information depository ("SID"), if any is hereafter created, certain financial information (the "Annual Report") not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ending June 20, 1996. The financial information which the County has agreed to annually provide includes "Debt Statement", "Total General Obligation Debt Service", "Ten-Year Summary of General Fund Revenues and Expenditures", "General Fund Balance", "Principal Tax Revenues by Source", "Property Tax Levies and Collections", "Historical Assessed Valuation", "Local Sales Tax Revenue", "Business and Professional License Tax Revenues", "Description of County's Wastewater and Water Systems", "Debt Payable From or Secured By County's Wastewater and Water Systems", "Financial Information and Operating Data for the Utilities Enterprise Fund, as of the Preceding Fiscal Year, including Description of Revenues and Expenses, Largest Users, Summary of Rates and Fees, and a Historical Summary of Debt Service Coverage". These are included as Exhibit S-3 and Notes to the Financial Statements #9, Table I, Table I-1, Table J-1, Table D, Table D-1, Table D-2, Table C, Table E, Table H, Table F, Exhibits S-9, S-10, and G-2, Table S, Table V, Table J-2, Exhibit D-1, D-2, and D-3, and Table U. The Virginia Resources Authority requires certain additional financial information to be disclosed annually. The financial information which the County has agreed to provide annually includes "Certificate of No Default signed by the Finance Director", "Certificate of Consulting Engineer", "Evidence of Comprehensive General Liability Insurance". These are included in Tables Q, T and W.

Awards

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to Arlington County, Virginia for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2015 budget. This award is the highest form of recognition in governmental budgeting.


The School Board’s Adopted FY 2015 Budget received the Government Finance Officers Association Distinguished Budget Presentation Award for the eleventh year in a row as well the Association for School Business Officials International Meritorious Budget Award for the fifth time.

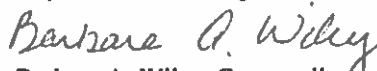
County Acknowledgements

The County continues to maintain a strong financial position through responsible and progressive management of financial operations, by thorough bond official statement disclosure practice, and sound accounting and financial reporting practices. We strongly support the efforts of the Auditor of Public Accounts of the Commonwealth of Virginia, the Governmental Accounting Standards Board, and the Government Finance Officers Association of the United States and Canada to improve accounting and financial reporting standards. The implementation of standards provides, in the County’s opinion, a sound framework for a truly “comprehensive” annual financial report. The preparation of this Comprehensive Annual Financial Report was made possible by the efficient and dedicated services of the staff of the Department of Management and Finance. In addition, this report could not have been completed without the active participation of the Treasurer’s Office, the Office of the Assistant Superintendent of Finance in the Arlington Public Schools, the County Attorney’s Office, the Commissioner of Revenue’s Office, and the staff of the County’s Retirement Office.

We would like to express our sincere thanks to the staff of the Department of Management and Finance, and to all others who have contributed to the preparation of this report.

Respectfully submitted,


Mary Beth Chambers, Acting Director
Department of Management and Finance


Barbara A. Wiley, Comptroller
Department of Management and Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

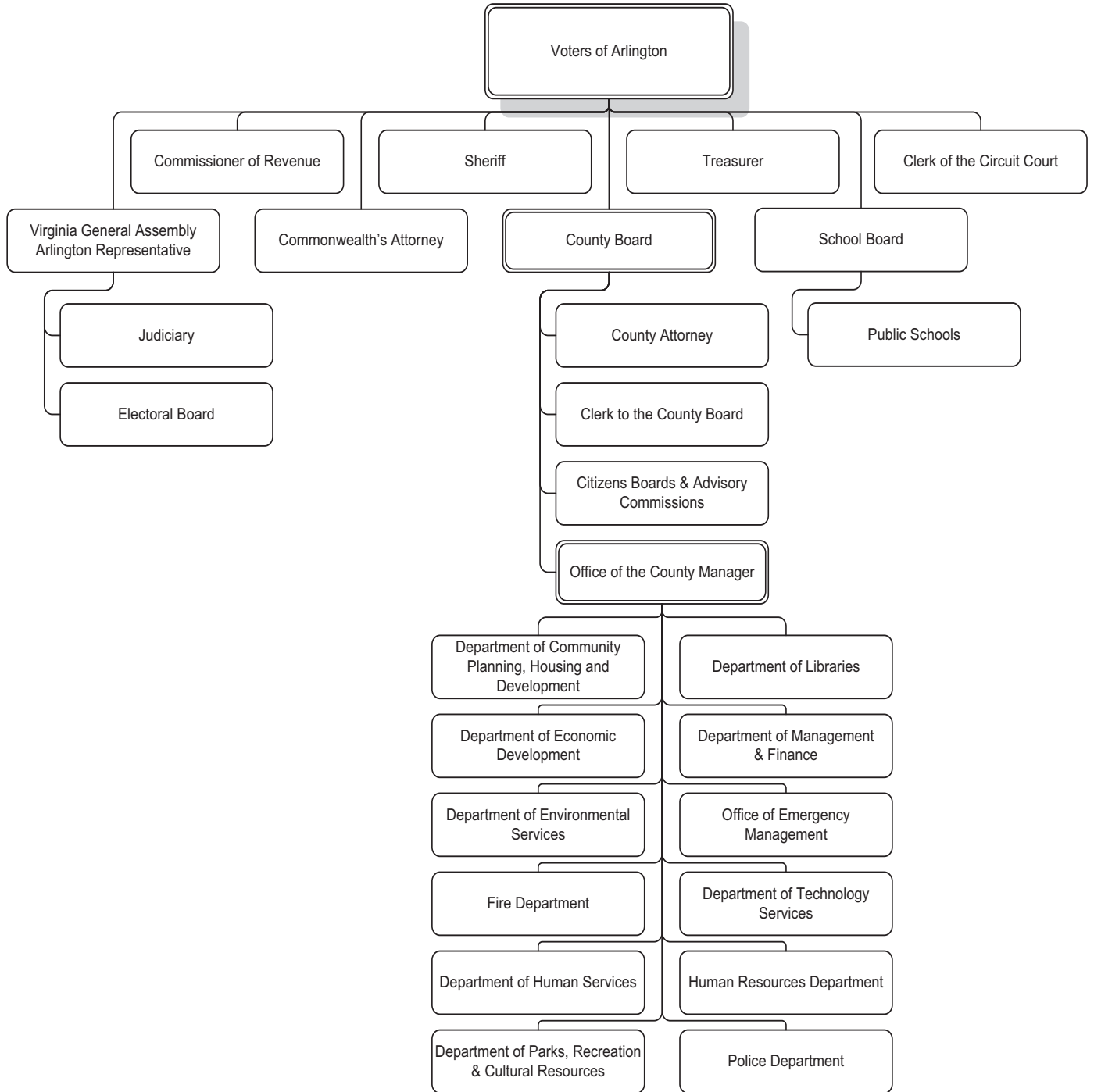
**Arlington County
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



ARLINGTON COUNTY, VIRGINIA

DIRECTORY OF OFFICIALS
June 30, 2015

COUNTY BOARD

Mary Hynes, Chair

J. Walter Tejada, Vice Chairman

Libby Garvey
John Vihstadt
Jay Fisette

COUNTY SCHOOL BOARD

James Lander, Chairman

Dr. Emma Violand-Sanchez, Vice Chair

Nancy Van Doren
Abby Raphael
Dr. Barbara Kanninen

FINANCE BOARD

Mary Hynes, Chair

Carla de la Pava
Theo Stamos
Laura Triggs

JUDICIAL

Circuit Court Judges:

William T. Newman Jr.
Daniel S. Fiore, II
Louise M. DiMatteo

General District Court Judges:

Thomas J. Kelley, Jr.
R. Frances O'Brien
Richard J. McCue

Juvenile and Domestic Relations:

George D. Varoutsos
Esther G. Wiggins

**ARLINGTON COUNTY, VIRGINIA
DIRECTORY OF OFFICIALS (continued)**

COUNTY OFFICIALS

Elective

Attorney for the Commonwealth
Clerk of the Court
Commissioner of the Revenue
Sheriff
Treasurer

Theo Stamos
Paul Ferguson
Ingrid H. Morroy
Beth Arthur
Carla de la Pava

Administrative – General County

County Manager

Acting County Manager
Acting Deputy County Manager
Deputy County Manager
Deputy County Manager
County Attorney
Clerk to the County Board
Director of Community Planning, Housing and Development
Director of Parks and Recreation
Acting Fire Chief
Director of Department of Human Services
Director of Department of Libraries
Acting Director of Department of Management and Finance
Director of Department of Human Resources
Chief of Police
Director of Department of Environmental Services
Director of Department of Technology Services
Director of Department of Economic Development
Registrar of Voters
Director Office of Emergency Management

Barbara M. Donnellan
(Retired June 2015)
Mark J. Schwartz
Michelle G. Cowan
Carol Mitten
James H. Schwartz
Stephen MacIsaac
Hope Halleck
Steven Cover
Jane Rudolph
Joseph Reshetar
Anita Friedman
Diane Kresh
Mary Beth Chambers
Marcy Foster
Jay Farr
Greg Emanuel
Jack Belcher
Victor L. Hoskins
Linda Lindberg
Jack Brown

Administrative - County School Board

Superintendent of Schools
Clerk of the School Board
Deputy Clerk of the School Board
Interim Assistant Superintendent, Human Resources
Assistant Superintendent, Finance & Management
Assistant Superintendent, Information Services
Assistant Superintendent, Instruction
Assistant Superintendent, Student Services
Assistant Superintendent, Administrative Services
Assistant Superintendent, Schools & Community Relations
Assistant Superintendent Operations and Facilities

Dr. Patrick Murphy
Melanie Elliott
Lizette Torres-Barthel
Dr. Kristi Murphy
Deirdra McLaughlin
Raj Adusumilli
Connie Skelton
Dr. Brenda Wilks
Cintia Johnson
Linda M. Erdos
John Chadwick



FINANCIAL



Independent Auditor's Report

The County's financial statements and accounting systems are audited each fiscal year by an independent public accounting firm. The audits are conducted in accordance with generally accepted auditing standards, governmental auditing standards and the "single audit" concept applicable to Federally Assisted Programs.

The independent auditor's report on the County's financial statements is contained in this section. The reports required under the "single audit" concept are included in the Federal Grant Activity section of this report, entitled "FEDERALLY ASSISTED PROGRAMS:

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the County Board
Arlington County, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund information of Arlington County, Virginia (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gates Partnership, which represents 10 percent, 11 percent, and 1 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gates Partnership, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the County reported a restatement for the change in accounting principle (see Note 16.) Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 20 - 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information, as noted in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as noted in the Federally Assisted Programs section of the table of contents, is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules and the budgetary comparison of the General Fund and the schedule of expenditures of federal awards is the responsibility

of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Arlington County, Virginia as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated October 31, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The 2014 comparative totals or summarized comparative totals included in the other supplemental schedules, such as the combining and individual non-major fund financial statements, general fund financial statements and budgetary comparison statements for the year ended June 30, 2015 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. The other supplemental schedules containing comparative totals or summarized comparative totals have been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental schedules containing comparative totals or summarized comparative totals is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

The introductory and statistical tables, as noted in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

CliftonLarsonAllen LLP

Arlington, Virginia
October 30, 2015



Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is intended to provide the narrative introduction and overview that users need to interpret the Basic Financial Statements. MD&A also provides analysis of some key data presented in the Basic Financial Statements.

Management's Discussion and Analysis

As management of Arlington County, Virginia ("the County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County and its component units-Schools, and Gates Partnership for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 1 of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The government-wide financial statements include not only the County itself (known as the primary government), but also its component units, a legally separate school system ("Schools") for which the County is financially accountable and Gates Partnership for which the County has the ability to impose will and fiscal dependency. Financial information for these component units is reported in separate columns from the financial information presented for the primary government itself.

The statement of net position presents information on all of the primary government's and its component units' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish functions of the County and Schools that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County and Schools include: public safety (police and fire protection), judicial (courts, prosecuting offices and detention center), health, welfare and social services, public improvements, streets and highways, community planning and development, libraries, parks and recreation, education and general administrative services. The business-type activities of the County include the water and sewer functions, the public parking garage operation, and planning and zoning.

The government-wide financial statements can be found in Exhibits 1 and Exhibit 2, and Exhibits 6 through 8 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County and Schools, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County and Schools can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues,

expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 21 individual governmental funds and the Schools maintain 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and general capital projects fund, which are considered to be major funds. Data from the other 21 County governmental funds are combined into a single, aggregated presentation; data from the Schools 8 governmental funds are combined into a single, aggregated presentation as a component-unit, a presentation mandated by state law. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report. The County adopts an annual appropriated budget for its general fund and special revenue funds, including Schools. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found in Exhibit 3, Exhibit 3(A), Exhibit 4, Exhibit 4(A), Exhibit 5, Exhibit A-1 through Exhibit C-2, Exhibit G-1 through Exhibit G-3, Exhibit X and Exhibit Y of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations, its public parking garage operations, including the Eighth-Level Ballston Public Parking Garage, and the Community Planning Housing Development (CPHD) Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, and printing operation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, public parking garage operations, including the Eighth-Level Ballston Public Parking Garage, and the CPHD Development Fund. The water and sewer operations and public parking garage are considered to be major funds of the County. Conversely, the two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in Exhibits 6, 7, 8 and Exhibit D-1 through Exhibit E-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those are not available to support the County's own programs. The OPEB trust funds are used to account for the assets held in trust by the County and Schools for other post-employment benefits. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in Exhibits 9 and 10, Exhibit F-1 through Exhibit F-5 and Exhibit G-4 and Exhibit G-5 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the section titled "NOTES TO THE FINANCIAL STATEMENTS" of this report.

Statement of Net Position

The following table (Table A-1) reflects the condensed statement of net position for FY 2015 and FY 2014:

Table A-1
Condensed Net Position
June 30, 2015
With Comparative Totals for June 30, 2014
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2015	Restated 2014	2015	2014	2015	Restated 2014	2015	Restated 2014	2015	2014	2015	Restated 2014
Current and other assets	\$1,218.0	\$1,082.8	\$119.6	\$119.4	\$1,337.6	\$1,202.2	\$209.4	\$194.0	\$8.0	\$7.7	\$1,555.0	\$1,403.9
Capital assets	1,048.1	1,000.4	1,034.7	1,032.6	2,082.8	2,033.0	563.5	539.8	76.8	78.6	2,723.1	2,651.4
Deferred Outflows	81.0	53.3	-	-	81.0	-	40.3	30.8	-	-	121.3	84.1
Total assets	2,347.1	2,136.5	1,154.3	1,152.0	3,501.4	3,288.5	813.2	764.6	84.8	86.3	4,399.4	4,139.4
Long-term debt outstanding	1,018.5	1,012.1	374.2	395.1	1,392.7	1,407.2	41.0	37.9	54.8	55.5	1,488.5	1,500.6
Other liabilities	168.5	242.5	21.3	22.5	189.8	265.0	501.5	563.9	2.6	3.7	693.9	832.6
Total liabilities	1,187.0	1,254.6	395.5	417.6	1,582.5	1,672.2	542.5	601.8	57.4	59.2	2,182.4	2,333.2
Deferred Inflows	173.6	19.1	1.6	-	175.2	19.1	47.4	-	-	-	222.6	19.1
Total liabilities and deferred inflows	1,360.6	1,273.7	397.1	417.6	1,757.7	1,691.3	589.9	601.8	57.4	59.2	2,405.0	2,352.3
Net Positions:												
Investment in capital assets	220.9	170.9	692.1	671.1	913.0	842.0	559.3	535.3	22.7	23.8	1,495.0	1,401.1
Restricted	359.8	303.1	-	-	359.8	303.1	72.8	69.4	-	-	432.6	372.5
Unrestricted	405.8	388.8	65.1	63.3	470.9	452.1	(408.9)	(441.9)	4.6	3.3	66.6	13.5
Total Net Position	\$986.5	\$862.8	\$757.2	\$734.4	\$1,743.7	\$1,597.2	\$223.2	\$162.8	\$27.4	\$27.1	\$1,994.2	\$1,787.1

Note: Totals may not add due to rounding.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the governmental activities, assets exceeded liabilities by \$986.5 and in the case of the business-type activities, assets exceeded liabilities by \$757.2 for a primary government total of \$1,743.7 at the close of the most recent fiscal year. In the case of the Schools, assets exceeded liabilities by \$223.3, and in the case of the Gates Partnership, assets exceeded liabilities by \$27.4.

By far the largest portion of the primary government's, Schools', Gates Partnership's net position (74.96%) reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The primary government and Schools use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the primary government's, and Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the primary government's and Schools' net position, (21.7%) represents resources that are subject to external restrictions on how they may be used. Any remaining net position are classified as "Unrestricted net position".

In Virginia, state law provides that a school board is a separate legal entity and has long held that school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (fixed assets) to be funded by debt financing require the local government to issue the debt. To accommodate Governmental Accounting Standards Board (GASB) Statement No. 34, a state law was passed in FY 2002 to allow the County and Schools to consider the debt-financed School assets owned by "tenancy in common" and would permit the County to display these assets in the County column. The County has chosen not to do so. Accordingly, in the government-wide financial statements, the "school debt" is reflected in the governmental activities column of the primary government, although the capital assets are reflected in the "Component-unit Schools" column. The final "Total" column, which displays the "Unrestricted capital assets" for the entire government, gives a more complete picture of debt-financed capital assets. At the end of the current fiscal year, the primary government and component units are able to report positive balances in all three categories of net position for the government as a whole.

Statement of Changes in Net Position

The following table (Table A-2) displays the changes in net position for FY 2015 and FY 2014:

Table A-2
Changes in Net Position
Year Ended June 30, 2015
With Comparative Totals for June 30, 2014
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2015	Restated 2014	2015	2014	2015	Restated 2014	2015	Restated 2014	2015	2014	2015	Restated 2014
Revenues												
Program revenue												
Charges for services	\$89.0	\$78.8	\$128.7	\$125.0	\$217.7	\$203.8	\$21.4	\$21.0	\$7.5	\$7.4	\$246.6	\$232.4
Operating grants and contributions	129.8	134.8	-	-	129.8	134.8	505.0	465.7	-	-	634.8	600.5
Capital grants and contributions	-	-	1.1	3.8	1.1	3.8	-	-	-	-	1.1	3.8
General revenue						0.0						
Property taxes	810.9	794.7	-	-	810.9	794.7	-	-	-	-	810.9	794.7
Other local taxes	203.4	202.4	-	-	203.4	202.4	21.2	19.4	-	-	224.6	221.8
Investment and interest earnings	7.9	6.6	0.3	-	8.2	6.8	0.1	0.1	-	-	8.3	6.9
Miscellaneous	27.9	34.4	-	-	27.9	34.4	-	-	0.1	0.1	28.0	34.5
Total revenues	1,268.9	1,251.7	130.1	129.0	1,399.0	1,380.8	547.7	506.2	7.6	7.5	1,954.3	1,894.6
Expenses												
General government	231.4	246.5	-	-	231.4	246.5	-	-	-	-	231.4	246.5
Public safety	123.0	130.3	-	-	123.0	130.3	-	-	-	-	123.0	130.3
Environmental services	92.3	92.6	-	-	92.3	92.6	-	-	-	-	92.3	92.6
Health and welfare	115.5	121.3	-	-	115.5	121.3	-	-	-	-	115.5	121.3
Libraries	12.5	13.2	-	-	12.5	13.2	-	-	-	-	12.5	13.2
Parks, culture and recreation	36.4	38.6	-	-	36.4	38.6	-	-	-	-	36.4	38.6
Planning and community development	58.1	63.7	-	-	58.1	63.7	-	-	-	-	58.1	63.7
Education	457.8	418.1	-	-	457.8	418.1	487.2	930.3	-	-	945.0	1,348.4
Debt service:												
Interest and other charges	18.4	16.8	-	-	18.4	16.8	-	-	-	-	18.4	16.8
Water and sewer	-	-	85.9	85.4	85.9	85.4	-	-	-	-	85.9	85.4
Parking garage	-	-	6.3	5.4	6.3	5.4	-	-	-	-	6.3	5.4
8th Level Ballston Public Parking Garage	-	-	0.2	0.1	0.2	0.1	-	-	-	-	0.1	0.1
Rental Properties	-	-	-	-	-	-	-	-	7.5	7.4	7.5	7.4
CPHD Development Fund	-	-	14.9	13.7	14.9	13.7	-	-	-	-	14.9	13.7
Total expenses	1,145.4	1,141.1	107.3	104.6	1,252.7	1,245.7	487.2	930.3	7.5	7.4	1,747.3	2,183.5
Increase/(Decrease) in Net Position	\$123.5	\$110.6	\$22.8	\$24.4	\$146.3	\$135.1	\$60.5	(\$424.1)	\$0.1	\$0.1	\$207.0	(\$288.7)

Note: Totals may not add due to rounding.

To summarize, the activities of the primary government and component units increased net position as follows:

Governmental activities	\$123.5	59.7%
Business type activities	\$22.8	11.0%
Component-unit Schools	\$60.5	29.2%
Component-unit Gates Partnership	\$0.1	0.1%
Total	\$207.0	100.0%

Revenues. Revenues for the County's governmental activities were \$1,268.9 for fiscal year 2015. General revenues from governmental activities increased \$17.2, primarily due to increases in property tax revenue, charges for services and investment and interest earnings. These increases were partially offset by a decrease in operating grants and contributions and miscellaneous revenue.

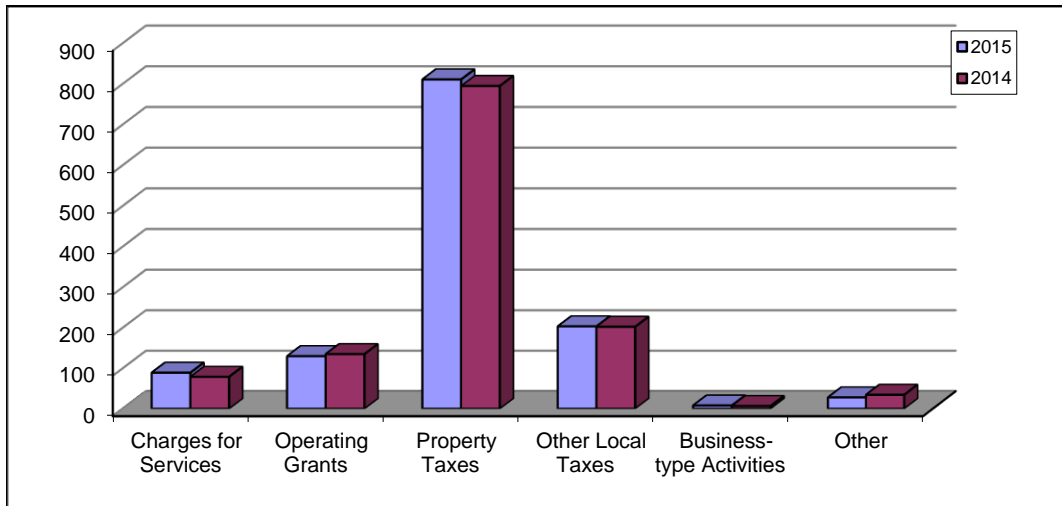
Taxes constitute the largest source of County revenues, amounting to \$1,014.3 for fiscal year 2015, an increase of \$17.2 over fiscal year 2014. Real estate taxes increased by \$18.0 to \$701.9 due to increased assessments. Personal property taxes decreased by \$1.8 to \$108.9 partially due to very slight decreases in the average assessed value of cars and the number of cars registered within the County.

The other local taxes revenue category, which includes taxes on business licenses, general sales tax, hotel rooms, restaurant meals, utility purchases, car rentals, cigarettes and other totaled \$203.4 which represents \$1.0 increase from the previous year. This increase is primarily attributable to increases in sales tax, meals tax, and transient occupancy partially offset by a decrease in business licenses.

Program revenues are derived directly from the program itself and reduce the net cost of the function to the County. Total program revenues from governmental activities were \$218.8. Operating Grants and Contributions represent the most significant of these revenues, totaling \$129.8. Other program revenue category was Charges for Services, totaling \$89.0. For additional information and comparative results, see Table A-2.

Business-type activities generated revenues of \$130.1, primarily from charges for services, which totaled \$128.7. The total revenue increased by \$1.1 because of increase of \$3.7 in Charges of Services and decrease of \$2.7 in Capital Grants Contributions.

Chart A-3
Primary Government Sources of Revenue
For Fiscal Years 2015 and 2014
(in millions)

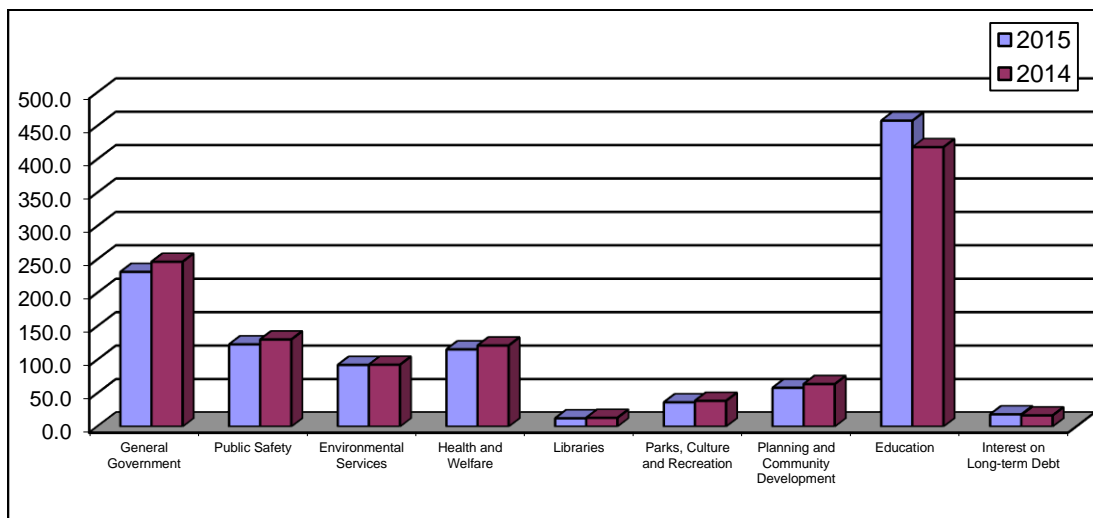


Expenses. Total cost of all the County’s governmental activities for fiscal year 2015 was \$1,145.4, representing an increase of \$4.3 from fiscal year 2014. Education expense for fiscal year 2015 was \$457.8, an increase of \$39.7 from previous fiscal year. As the following chart indicates, education continues to be the County’s largest program. General government expenses represent the second largest expense, totaling \$231.4 in fiscal year 2015.

Expenses for the County’s business-type activities totaled \$107.3 which provided water and sewer utility services, parking operations and planning and zoning services.

The following (Chart A-4) displays the net costs of the governmental activities:

Chart A-4
Net Cost of Governmental Activities
For Fiscal Years 2015 and 2014
(in millions of dollars)



Financial Analysis of the Government's Funds

As noted earlier, the County and Schools use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's and Schools governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's and Schools financial requirements. In particular, unrestricted (committed and assigned) fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$560.0 an increase of \$23.9 in comparison with the prior year. Approximately, 94.69% of this total amount (\$530.3) constitutes unrestricted fund balance and is comprised of \$477.9 in committed fund balance which can only be used for the specific purposes imposed by formal action of the County Board and \$52.4 in assigned fund balance which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed.

The general fund is a major governmental fund of the County. At the end of the current fiscal year, committed and assigned fund balance of the general fund was \$197.8 while total fund balance reached \$200.3. As a measure of the general fund's liquidity, it may be useful to compare both committed and assigned fund balances and total fund balance to total expenditures. In FY2015, both committed and assigned fund balance and total fund balance represents 17.31% and 17.53% of total general fund expenditures respectively.

The fund balance of the County's general fund decreased by \$32.8 during the current fiscal year; driven by slightly higher revenue primarily due to taxes partially offset by a decrease in miscellaneous revenues.

The general capital projects fund is another major fund of the County. At the end of the current fiscal year, total fund balance of the general capital projects fund was \$97.2. As a measure of the general capital project fund's liquidity, it may be useful to compare total fund balance to total expenditures. Total fund balance represents 244.32% of total general capital project fund expenditures.

The fund balance of the County's general capital projects fund increased by \$16.5 during the current fiscal year. This primarily was due to a decrease in capital outlay.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position (deficits) of the Utilities Fund at the end of the fiscal year amounted to \$73.7, the Ballston Public Parking Garage Fund amounted to (\$25.3), 8th Level of the Ballston Public Parking Garage amounted to \$.6, and the CPHD Development Fund amounted to \$17.7. The total change in net position of the Utilities Fund was \$25.5, the Ballston Public Parking Garage Fund was (\$1.9), the 8th Level of the Ballston Public Parking Garage Fund was \$.2, and CPHD Development Fund was (\$.9). Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

At the end of fiscal year 2015, the difference in General Fund balance between the original (adopted) budget and the final budget was \$157.5 million, which consisted of a decrease in the revenue budget of \$26.8 and an increase in the expenditure budget of \$122.9 in the following areas:

- \$70.0 million in increases allocated to Non-Departmental for affordable housing, budget stabilization contingency, master lease financing, and incomplete projects from FY 2014. This includes \$5.0 million allocated to Non-Departmental for planning projects, consultant contingent, public safety technology, funding for the new homeless services center, managed network services, and funding for economic development as a result of FY 2014 closeout. In addition, \$7.7 million increase in transfer to Pay as You Go funding for capital projects.
- \$5.0 million in increases from grants funding to the Police Department, Office of Emergency Management, and Fire department for equipment purchases, training, software, and emergency preparedness.
- \$2.0 million in increases allocated to the Department of Environmental Services for carryover of incomplete projects from prior years and additional funding relating to commuter services program.

- \$0.5 million in increases allocated to the Judicial Administration. This includes grant funding relating to gangs and carryover of incomplete project from prior years for digital conversion, and seized assets.
- \$0.7 million in increases allocated to Planning and Community Development from carryover of incomplete projects from prior years primarily for planning, the community facility study, affordable housing needs study, and transition of the single family program vendor.
- \$1.5 million in increases allocated to the General Government from carryover of incomplete projects from prior years, including internal audit support, an online vendor bidding system, continuity management, Microsoft Office 365 implementation, and a barrier analysis.
- \$6.6 million in increases allocated to the Department of Human Services through carryover of incomplete projects for prior years as well as new grants and funding for a wide variety of services for persons with mental illness, substance abuse services, emergency assistance, homelessness prevention, housing assistance resources, and employment and health services.
- \$0.8 million in increases allocated to the Department of Parks and Recreation in grant and FY 2014 carryover funding for a variety of services, including public spaces master plan, Park Maintenance program, soft plan equipment, and health youth grants.
- \$35.9 million increase in transfers out to the Schools, primarily as a result of FY 2014 closeout.

At the end of fiscal year 2015, the difference in General Fund balance, between the final budget and actual was \$124.4 million which consisted of a \$104.7 million favorable expenditure variance and a \$15.5 million favorable revenue variance and \$4.2 million favorable other financing source activities. The favorable expenditure variance consisted of the following:

- The \$61.0 million favorable expenditure balance in Non-Departmental is primarily due to the affordable housing investment fund and under expenditures in lease purchase, consultants, and contingent funds.
- \$2.5 million favorable expenditure balance in General Government Administration primarily due to position vacancies and savings in contractual services.
- \$2.3 million favorable in Parks and Recreation primarily due to vacancy savings, contractual services, and the incomplete Public Spaces Master Plan.
- \$0.7 million favorable in Planning and Community Development primarily due to position vacancies and under expenditures in contracted services.
- \$1.1 million favorable in Environmental Services primarily due to position vacancies, overtime savings, and expenditure reductions in contracted services, and Freshaire programs.
- \$9.0 million favorable in Department of Human Services primarily due to under expenditures in various program areas and staff vacancies and retirements. This also includes \$3.7 million in delays in spending grant funds (which will be carried over and expended in FY 2016).
- \$6.1 million favorable in Public Safety primarily due to position vacancies and under expenditures in contracted services and operating supplies.
- \$0.3 million favorable in Libraries primarily due to position vacancies.
- \$23.2 million favorable in the schools transfer; unspent balances will be carried over to the next fiscal year for the schools.
- \$3.4 million in premium related to the sale of bonds.

Additional information on the County's statement of revenues, expenditures and changes in fund balance, budget and actual can be found in Exhibit 5 in Basic Financial Statements of this report.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental, business type activities, and component units as of June 30, 2015 amounts to \$2,723.1 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

Major capital asset acquisitions during the current fiscal year from the capital projects funds included the following:

- \$6.4 million for Parks and Recreation center improvements including playgrounds, land acquisition, and field and court upgrades.
- \$13.4 million for Government facilities construction including the Homeless Services Center, DHS Consolidation at Sequoia phase II, Justice Center Security System, Dawson Terrace Recreation Center, and maintenance capital improvements at Central Library, the Equipment Bureau and various Fire Stations.

- \$8.2 million for Neighborhood Conservation projects to include improvements to streetlights, sidewalks, and parks, and construction of neighborhood beautification projects.
- \$10.8 million for Information Technology investments including fiber optics network, PC replacement, public safety records management systems, radio system upgrades, network refreshment, remote access hardware, wireless enhancements, network security and voting machines.
- \$1.4 million for Capital funding contributions to several regional organizations such as Northern Virginia Community College and the Northern Virginia Criminal Justice Academy which provide beneficial services to Arlington residents and visitors.
- \$2.3 million for shared facilities and infrastructure with Arlington Public Schools.
- \$10.0 million for locality's share of the regional Metro projects.
- \$17.1 million for the Potomac Yard Transitway, Art Bus procurement, and other transit projects.
- \$4.1 million for traffic and pedestrian signal upgrades.
- \$2.2 million for bicycle and pedestrian safety improvements.
- \$8.2 million for paving.
- \$0.3 million for bridge maintenance.
- \$9.2 million for safety and capacity improvements to arterial streets such as along Columbia Pike corridor and Rosslyn-Ballston corridor.
- \$7.6 million for Stormwater Management infrastructure.
- \$21.2 million for Utilities infrastructure including water and sewer replacements.

The following table (Table A-5) displays the capital assets:

Table A-5 Capital Assets
June 30, 2015
With Comparative Totals for June 30, 2014
 (net of depreciation, in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Land	\$166.4	\$164.5	\$6.2	\$6.2	\$172.6	\$170.7	\$4.7	\$4.7	\$13.3	\$13.3	\$190.6	\$188.7
Buildings	235.4	234.2	12.0	12.6	247.4	246.8	529.9	507.4	63.4	65.3	840.7	819.5
Equipment	106.9	102.8	2.2	2.5	109.1	105.3	28.8	27.8	-	-	137.9	133.1
Infrastructure	311.6	238.8	-	-	311.6	238.8	-	-	-	-	311.6	238.8
Intangible assets	2.3	2.3	0.2	0.4	2.5	2.7	-	-	-	-	2.5	2.7
Plant -sewer system	-	-	281.4	253.1	281.4	253.1	-	-	-	-	281.4	253.1
Plant - water system	-	-	703.8	631.9	703.8	631.9	-	-	-	-	703.8	631.9
Construction in progress	191.1	220.5	28.9	125.9	220.0	346.4	-	-	-	-	220.0	346.4
Internal service funds	34.4	37.4	-	-	34.4	37.4	-	-	-	-	34.4	37.4
Total	\$1,048.1	\$1,000.5	\$1,034.7	\$1,032.6	\$2,082.8	\$2,033.1	\$563.4	\$539.9	\$76.7	\$78.7	2,723.0	2,651.7

Note: Totals may not add due to rounding

Additional information on the County's capital assets can be found in Note 5 in Notes to the Financial Statements of this report.

Long-term debt. At the end of the current fiscal year, the primary government and component units had total long-term liabilities outstanding of \$1,491.90. Of this amount, \$1,278.2 comprises general obligation bonds, notes payable and related accrued interest and capital leases backed by the full faith and credit of the government.

The remainder of the County's debt (\$213.70) represents bonds secured solely by specified revenue sources (i.e., revenue bonds) (\$137.0), workers compensation reserves (\$4.3) and accrued compensated absences (\$72.4).

The following table (Table A-6) reflects the long-term debt:

Table A-6
Arlington County Outstanding Debt
June 30, 2015
With Comparative Totals for June 30, 2014
(in millions of dollars)

	Primary Government						Component Units				Total	
	Governmental		Business-type		Total		Schools		Gates Partnership			
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
General obligation bonds**	\$852.5	\$838.3	\$113.8	\$119.2	\$966.3	\$957.5	\$-	\$-	\$-	\$-	\$966.3	\$957.5
Revenue bonds	-	-	7.0	8.9	7.0	8.9	-	-	-	-	7.0	8.9
IDA Revenue Bonds	106.9	116.5	-	-	106.9	116.5	-	-	-	-	106.9	116.5
Mortgage payable	-	-	3.4	3.4	3.4	3.4	-	-	19.7	19.9	23.1	23.3
Note payable	-	-	219.8	233.3	219.8	233.3	-	-	9.2	8.6	229.0	241.9
Obligations under capital lease	20.4	20.0	0.1	0.1	20.5	20.1	4.1	4.5	-	-	24.6	24.6
Worker's compensation claims	3.6	3.4	0.7	-	4.3	3.4	-	-	-	-	4.3	3.4
Accrued compensated absences	34.3	33.9	1.2	1.9	35.5	35.8	36.9	33.4	-	-	72.4	69.2
Mortgage and bond interest payable	-	-	29.8	28.5	29.8	28.5	-	-	-	-	29.8	28.5
Bonds Payable	-	-	-	-	-	-	-	-	27.5	27.1	27.5	27.1
Development fee payable	-	-	-	-	-	-	-	-	1.0	-	1.0	-
Total	\$1,017.7	\$1,012.1	\$375.8	\$395.3	\$1,393.5	\$1,407.4	\$41.0	\$37.9	\$57.4	\$56.4	\$1,491.9	\$1,501.7

Note: Totals may not add due to rounding

** General fund is responsible for bond-financed school capital assets

The County's total debt decreased by \$9.8 during the current fiscal year. The key factors that contributed to this change include decreases of \$9.6 on IDA revenue bonds, and \$12.9 on VRA note payable partially offset by \$8.8 increase in general obligation bonds. The County maintains a "AAA" rating from Standard & Poor's and Fitch Investor Services and a "Aaa" rating from Moody's Investor Service for general obligation debt.

Additional information of the County's long-term debt can be found in Note 9 in Notes to the Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 3.1%, which is a decrease of 0.5% from a year ago. This compares favorably to the Northern Virginia's average unemployment rate of 4.1% and the national average rate of 5.3%.
- The vacancy rate of the County's office buildings increased from 20.4% to 21.3%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Department of Management and Finance, 2100 Clarendon Boulevard, Suite 501, Arlington, Virginia, 22201, or at www.arlingtonva.us/dmf.



Basic Financial Statements

Basic Financial Statements are the core of general-purpose external financial reporting for state and local governments. Basic Financial Statements have three components:

- Government-wide financial statements which include the Statement of Net Position and the Statement of Activities.
- Fund financial statements which include separate sets of financial statements for governmental funds, proprietary funds and fiduciary funds.
- Notes to the financial statements.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Units		Total Government
	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership	
ASSETS:						
Equity in pooled cash and investments	\$673,738,486	\$100,106,366	\$773,844,852	\$124,503,397	\$2,153,577	\$900,501,826
Petty cash	1,650	-	1,650	815	-	2,465
Cash with fiscal agents	270,426	25,221	295,647	-	-	295,647
Receivables, net	424,704,663	15,474,177	440,178,840	4,701,370	57,229	444,937,439
Receivable from primary government	-	-	-	79,995,763	-	79,995,763
Receivable from other governments	9,060,211	-	9,060,211	-	-	9,060,211
Inventory	-	1,354,831	1,354,831	183,854	-	1,538,685
Other assets	17,796,972	2,635,744	20,432,716	-	1,594,754	22,027,470
Reserves and escrow deposits	-	-	-	-	4,203,812	4,203,812
OPEB	904,554	-	904,554	-	-	904,554
Net pension asset	91,500,000	-	91,500,000	-	-	91,500,000
Capital assets:						
Land	166,368,885	6,161,255	172,530,140	4,697,946	13,433,079	190,661,165
Intangible assets, net	2,333,743	184,892	2,518,635	-	-	2,518,635
Depreciable, net	688,330,132	999,463,107	1,687,793,239	558,762,043	63,344,694	2,309,899,976
Construction in progress	191,069,264	28,939,235	220,008,499	-	-	220,008,499
Total capital assets, net	1,048,102,024	1,034,748,489	2,082,850,513	563,459,989	76,777,773	2,723,088,275
Total assets	2,266,078,986	1,154,344,828	3,420,423,814	772,845,188	84,787,145	4,278,056,147
Deferred outflows	80,995,432	-	80,995,432	40,329,312	-	121,324,744
Total assets and deferred outflows	2,347,074,418	1,154,344,828	3,501,419,246	813,174,500	84,787,145	4,399,380,891
LIABILITIES:						
Accounts payable	22,555,763	8,022,224	30,577,987	8,833,101	138,457	39,549,545
Unearned revenue	25,731,322	-	25,731,322	608,560	-	26,339,882
Due to component unit	79,995,763	-	79,995,763	-	-	79,995,763
Accrued liabilities	24,373,293	13,285,764	37,659,057	52,724,006	1,113,710	91,496,773
Other liabilities	15,869,468	-	15,869,468	10,606,253	410,665	26,886,386
Non-current liabilities:						
Development fee payable	-	-	-	-	1,028,786	1,028,786
OPEB liability	-	-	-	14,402,826	-	14,402,826
Net pension liability	-	-	-	414,303,220	-	414,303,220
Due within one year	84,797,358	56,575,433	141,372,791	5,874,107	736,710	147,983,608
Due in more than one year	933,662,730	317,619,366	1,251,282,096	35,123,084	54,028,117	1,340,433,297
Total liabilities	1,186,985,697	395,502,787	1,582,488,484	542,475,157	57,456,445	2,182,420,086
Deferred inflows	173,576,071	1,633,010	175,209,081	47,410,610	-	222,619,691
Total liabilities and deferred inflows	1,360,561,768	397,135,797	1,757,697,565	589,885,767	57,456,445	2,405,039,777
NET POSITION:						
Net investment in capital assets	220,958,287	692,157,886	913,116,173	559,348,585	22,749,656	1,495,214,414
Restricted for:						
Capital projects	359,600,115	-	359,600,115	69,833,117	-	429,433,232
Other projects	178,471	-	178,471	3,010,014	-	3,188,485
Unrestricted	405,775,777	65,051,145	470,826,922	(408,902,983)	4,581,044	66,504,983
Total net position	\$986,512,650	\$757,209,031	\$1,743,721,681	\$223,288,733	\$27,330,700	\$1,994,341,114

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT 2

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-Type Activities	Total	Component Units		Functions/Programs
		Charges for services (Includes Licenses, Permits & Fees)	Operating Grants and Contributions	Capital Grants & Contributions				Schools	Gates Partnership	
Primary Government:										Primary Government:
Governmental Activities:										Governmental Activities:
General government	\$231,359,735	\$20,223,240	\$29,340,121	\$-	(\$181,796,374)	\$-	(\$181,796,374)	\$-	\$-	General government
Public safety	122,974,380	10,621,445	11,675,489	-	(100,677,446)	-	(100,677,446)	-	-	Public safety
Environmental services	92,336,816	25,683,556	10,490,945	-	(56,162,315)	-	(56,162,315)	-	-	Environmental services
Health & welfare	115,512,691	3,683,982	33,266,099	-	(78,562,610)	-	(78,562,610)	-	-	Health & welfare
Libraries	12,479,621	516,186	171,705	-	(11,791,730)	-	(11,791,730)	-	-	Libraries
Parks, recreation & culture	36,436,310	8,959,600	90,879	-	(27,385,831)	-	(27,385,831)	-	-	Parks, recreation & culture
Planning & community development	58,062,841	19,332,108	44,783,688	-	6,052,955	-	6,052,955	-	-	Planning & community development
Education	457,765,814	-	-	-	(457,765,814)	-	(457,765,814)	-	-	Education
Interest and other charges	18,380,254	-	-	-	(18,380,254)	-	(18,380,254)	-	-	Interest and other charges
Total governmental activities	1,145,308,461	89,020,117	129,818,926	-	(926,469,418)	-	(926,469,418)	-	-	Total governmental activities
Business-type activities:										Business-type activities:
Utilities	85,965,153	110,141,975	-	1,065,000	-	25,241,822	25,241,822	-	-	Utilities
Ballston Public Parking Garage	6,307,728	4,337,754	-	-	-	(1,969,974)	(1,969,974)	-	-	Ballston Public Parking Garage
8th Level Ballston Public Parking Garage	174,141	369,455	-	-	-	195,314	195,314	-	-	8th Level Ballston Public Parking Garage
CPHD Development Fund	14,948,371	13,892,608	-	-	-	(1,055,763)	(1,055,763)	-	-	CPHD Development Fund
Total business-type activities	107,395,393	128,741,792	-	1,065,000	-	22,411,399	22,411,399	-	-	Total business-type activities
Total Primary government	1,252,703,854	217,761,909	129,818,926	1,065,000	(926,469,418)	22,411,399	(904,058,019)	-	-	Total Primary government
Component unit:										Component unit:
Schools	487,285,239	21,453,261	505,002,526	-	-	-	-	39,170,548	-	Schools
Gates Partnership	7,480,926	7,521,689	-	-	-	-	-	-	40,763	Gates Partnership
Total component units	494,766,165	28,974,950	505,002,526	-	-	-	-	39,170,548	40,763	Total component units
General Revenues:										General Revenues:
Property Taxes:										Property Taxes:
Real estate property taxes					701,941,723	-	701,941,723	-	-	Real estate property taxes
Personal property taxes					108,913,548	-	108,913,548	-	-	Personal property taxes
Other Local taxes:										Other Local taxes:
Business, professional occupancy license taxes					58,970,752	-	58,970,752	-	-	Business, professional occupancy licens
Sales tax					39,590,910	-	39,590,910	21,198,389	-	Sales tax
Meals tax					36,508,911	-	36,508,911	-	-	Meals tax
Transient tax					23,343,314	-	23,343,314	-	-	Transient tax
Utility tax					12,007,700	-	12,007,700	-	-	Utility tax
Recordation, car rental and other local taxes					32,997,011	-	32,997,011	-	-	Recordation, car rental and other local ta
Investment and interest earnings					7,895,921	365,013	8,260,934	87,699	21,913	Investment and interest earnings
Miscellaneous					27,933,406	-	27,933,406	-	94,491	Miscellaneous
Total general revenues					1,050,103,196	365,013	1,050,468,209	21,286,088	116,404	Total general revenues
Change in net position					123,633,778	22,776,412	146,410,190	60,456,636	157,167	Change in net position
Restated net position, beginning					862,878,872	734,432,619	1,597,311,491	162,832,097	27,173,533	Restated net position, beginning
Net position, ending					\$986,512,650	\$757,209,031	\$1,743,721,681	\$223,288,733	\$27,330,700	Net position, ending

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$278,467,444	\$108,025,641	\$273,142,927	\$659,636,012
Petty cash	1,650	-	-	1,650
Cash with fiscal agents	270,426	-	-	270,426
Receivables, net	393,780,504	5,890,508	23,104,822	422,775,834
Due from other funds	1,925,681	-	-	1,925,681
Receivables from other governments	5,181,483	857,298	3,021,430	9,060,211
Other assets	15,900,631	-	1,270,068	17,170,699
Totals assets	\$695,527,819	\$114,773,447	\$300,539,247	\$1,110,840,513
LIABILITIES				
Accounts payable	\$6,088,630	\$6,381,539	\$8,560,882	\$21,031,051
Unearned revenue	15,505,500	9,555,964	669,858	25,731,322
Due to component unit	79,995,763	-	-	79,995,763
Accrued liabilities	24,373,293	-	-	24,373,293
Other liabilities	2,813,644	1,622,567	11,159,305	15,595,516
Total liabilities	128,776,830	17,560,070	20,390,045	166,726,945
Deferred inflows	366,490,913	-	17,583,993	384,074,906
Total liabilities and deferred inflows	495,267,743	17,560,070	37,974,038	550,801,851
FUND BALANCES				
<u>Non spendable:</u>				
Prepaid	-	-	1,270,068	1,270,068
<u>Restricted for:</u>				
Seized assets	2,459,482	-	-	2,459,482
Debt service	-	-	27,117,029	27,117,029
Grants	-	-	178,471	178,471
<u>Unassigned</u>	-	-	(1,356,665)	(1,356,665)
<u>Committed to:</u>				
Self insurance reserve	5,000,000	-	-	5,000,000
Subsequent years' County budget	4,529,331	-	-	4,529,331
Capital projects	2,833,146	97,213,377	235,356,306	335,402,829
Operating reserve	57,385,360	-	-	57,385,360
Economic & revenue stabilization contingent	8,599,377	-	-	8,599,377
Incomplete projects	281,390	-	-	281,390
Affordable Housing Investment Fund	36,914,040	-	-	36,914,040
Subsequent years' School budget	29,898,607	-	-	29,898,607
<u>Assigned to:</u>				
Subsequent years' County budgets	8,904,967	-	-	8,904,967
Subsequent years' County capital projects	16,289,709	-	-	16,289,709
Operating reserves	612,022	-	-	612,022
Fresh AIRE program	1,029,381	-	-	1,029,381
Incomplete projects	2,562,778	-	-	2,562,778
Affordable Housing Investment Fund	22,960,486	-	-	22,960,486
Total fund balances	200,260,076	97,213,377	262,565,209	560,038,662
Total liabilities, deferred inflows and fund balance	\$695,527,819	\$114,773,447	\$300,539,247	\$1,110,840,513

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
 NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2015

Total governmental fund balances	\$560,038,662
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	1,013,699,842
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds	360,908,835
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds	(1,013,408,243)
Deferred outflows of resources not available to pay for current period expenditures and are not reported in the funds:	
Advance refunding	\$745,432
Pension	80,250,000
	80,995,432
Net pension assets are not available to pay for current period expenditures and are not reported in the funds.	91,500,000
OPEB assets are not available to pay for current period expenditures and are not reported in the funds	904,554
Deferred inflows of resources of resources from pension are not due and payable in the current period and are not reported in the funds	(150,410,000)
Internal service funds	42,283,568
Net position of governmental activities	\$986,512,650

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes:				
Real estate property taxes	\$652,135,009	\$-	\$36,706,161	\$688,841,170
Personal property taxes	108,913,548	-	-	108,913,548
Other local taxes:				
Business, professional and occupancy license (BPOL) tax	58,970,752	-	-	58,970,752
Sales tax	39,590,910	-	-	39,590,910
Meals tax	36,508,911	-	-	36,508,911
Transient tax	23,343,314	-	-	23,343,314
Utility tax	12,007,700	-	-	12,007,700
Recordation, car rental and other local taxes	25,324,387	-	7,672,624	32,997,011
Fines and forfeitures	7,941,007	-	-	7,941,007
Licenses, permits and fees	11,231,202	-	-	11,231,202
Intergovernmental	85,184,758	3,759,621	40,874,547	129,818,926
Charges for services	52,682,001	15,660,839	1,505,068	69,847,908
Interest and rent	7,765,181	-	130,740	7,895,921
Miscellaneous revenues	12,571,508	2,792,060	1,155,798	16,519,366
Total revenues	1,134,170,188	22,212,520	88,044,938	1,244,427,646
EXPENDITURES:				
Current operating:				
General government	221,795,143	906,198	8,702,192	231,403,533
Public safety	128,285,176	27,372	-	128,312,548
Environmental services	84,449,239	-	-	84,449,239
Health and welfare	122,873,986	-	-	122,873,986
Libraries	13,007,081	-	-	13,007,081
Parks, recreation and culture	35,777,899	34,090	-	35,811,989
Planning and community development	22,137,903	254,890	26,082,574	48,475,367
Principal	40,845,031	-	328,074	41,173,105
Interest and other charges	18,034,710	-	345,544	18,380,254
Intergovernmental				
Community development	-	1,286,794	10,000,000	11,286,794
Education - Schools	453,255,950	2,286,818	30,000,000	485,542,768
Capital outlay	2,222,800	37,280,519	46,713,813	86,217,132
Total expenditures	1,142,684,918	42,076,681	122,172,197	1,306,933,796
Excess(deficiency) of revenues over expenditures	(8,514,730)	(19,864,161)	(34,127,259)	(62,506,150)
OTHER FINANCING SOURCES(USES):				
Transfers in	335,165	29,993,113	-	30,328,278
Transfers out	(30,261,612)	-	(205,164)	(30,466,776)
Issuance of capital leases	-	6,383,803	-	6,383,803
Bond premium	5,647,316	-	-	5,647,316
Issuance of general obligation debt	-	-	74,440,000	74,440,000
Total other financing sources and (uses)	(24,279,131)	36,376,916	74,234,836	86,332,621
Net change in fund balances	(32,793,861)	16,512,755	40,107,577	23,826,471
Fund balances, beginning	233,053,937	80,700,622	222,457,632	536,212,191
Fund balances, ending	<u>\$200,260,076</u>	<u>\$97,213,377</u>	<u>\$262,565,209</u>	<u>\$560,038,662</u>

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds		\$23,826,471
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Add: Capital acquisitions	\$86,217,132	
Less: Depreciation expense	<u>(35,634,327)</u>	50,582,805
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		13,100,553
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Add: Debt repayment-debt principal	76,677,334	
Less: Proceeds from bonds and capital leases	(80,823,803)	
Bond premium to be amortized	<u>(1,960,552)</u>	(6,107,021)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		
Add: Deferred outflows/inflows of resources from pension	30,940,000	
Less: Deferred outflows of resources from advance refunding	<u>(118,565)</u>	30,821,435
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds such as compensated absences and workers compensation		(572,162)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		552,058
Pension expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		
Add: FY 2015 pension contributions deferred	58,200,000	
Less: Pension expense	<u>(46,000,000)</u>	12,200,000
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities:		
Additional expense for internal service	81,287	
Net operating loss internal service funds	<u>(851,648)</u>	<u>(770,361)</u>
Change in net position of governmental activities		<u>\$123,633,778</u>

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
General Property taxes:				
Real estate	\$637,059,230	\$637,059,230	\$652,135,009	\$15,075,779
Personal	108,652,147	108,652,147	108,913,548	261,401
Other Local taxes	195,560,000	195,560,000	195,745,974	185,974
Licenses, permits and fees	10,484,732	10,484,732	11,231,202	746,470
Charges for services	54,183,533	53,985,637	52,682,001	(1,303,636)
Fines and forfeitures	8,195,748	8,195,748	7,941,007	(254,741)
Grants:				
State grants	69,085,202	73,381,734	68,398,285	(4,983,449)
Federal grants	15,234,011	17,867,285	16,786,473	(1,080,812)
Use of money and property	5,970,046	5,970,046	7,765,181	1,795,135
Miscellaneous revenue	43,282,562	12,155,799	14,807,328	2,651,529
Total revenues	1,147,707,211	1,123,312,358	1,136,406,008	13,093,650
EXPENDITURES:				
General Government Administration				
County Board	1,188,926	1,246,908	1,234,996	11,912
County Manager	5,538,175	5,656,557	5,287,208	369,349
Financial Management	6,804,450	7,224,450	6,780,618	443,832
Human Resources	8,602,311	8,803,193	8,353,836	449,357
Technology Services	18,839,577	19,402,497	18,875,695	526,802
County Attorney	2,709,076	2,709,076	2,542,357	166,719
Commissioner of Revenue	5,345,109	5,345,109	5,176,362	168,747
Treasurer	6,476,289	6,616,289	6,516,237	100,052
Electoral Board	1,242,321	1,242,321	960,017	282,304
Total General Government	56,746,234	58,246,400	55,727,326	2,519,074
Judicial Administration				
Circuit Court & Circuit Court Judiciary	3,680,646	3,764,684	3,832,762	(68,078)
General District Court	372,245	372,799	352,578	20,221
Juvenile & Domestic Relations Court	6,128,164	6,253,251	5,994,885	258,366
Commonwealth Attorney	4,165,493	4,254,613	4,214,727	39,886
Sheriff & Jail	39,203,924	39,453,050	41,005,297	(1,552,247)
Magistrate's Office	43,746	43,746	42,241	1,505
Total Judicial Administration	53,594,218	54,142,143	55,442,490	(1,300,347)
Public Safety				
Police	64,981,728	68,163,770	64,188,293	3,975,477
Office of Emergency Management	11,472,413	12,126,282	11,242,487	883,795
Fire	53,473,967	54,633,902	53,389,709	1,244,193
Total Public Safety	129,928,108	134,923,954	128,820,489	6,103,465
Environmental Services	84,300,185	86,308,337	85,161,962	1,146,375
Health & Welfare	125,318,838	131,948,982	122,965,470	8,983,512
Libraries	13,018,324	13,275,309	13,007,081	268,228

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Planning & Community Development				
Economic Development	11,109,631	11,384,631	11,085,839	298,792
Community Planning, Housing & development	10,845,201	11,519,386	11,116,188	403,198
Total Planning & Community Development	21,954,832	22,904,017	22,202,027	701,990
Parks and Recreation	37,873,493	38,633,259	35,939,966	2,693,293
Education	440,590,026	476,468,165	453,255,950	23,212,215
Non-Departmental				
Non-Departmental	62,459,052	132,507,617	73,575,715	58,931,902
Debt Service				
Principal payment	40,048,752	40,048,752	40,845,031	(796,279)
Interest payment	20,661,815	20,661,815	18,004,307	2,657,508
Other costs	35,000	35,000	30,403	4,597
Regionals/Contributions	8,071,907	8,071,907	7,821,061	250,846
METRO	29,885,640	29,885,640	29,885,640	-
Total Non-Departmental	161,162,166	231,210,731	170,162,157	61,048,574
Total expenditures	1,124,486,424	1,248,061,297	1,142,684,918	105,376,379
Excess (deficiency) of revenues over expenditures	23,220,787	(124,748,939)	(6,278,910)	118,470,029
OTHER FINANCING SOURCES (USES):				
Transfers in	-	209,332	335,165	125,833
Transfers out	(23,220,787)	(30,928,970)	(30,265,942)	663,028
Premium from sale of bonds	-	-	3,415,826	3,415,826
Total other financing sources/(uses)	(23,220,787)	(30,719,638)	(26,514,951)	4,204,687
Net change in fund balance	-	(155,468,577)	(32,793,861)	122,674,716
Fund Balance - beginning of year	233,053,937	233,053,937	233,053,937	-
Fund Balance - end of year	\$233,053,937	\$77,585,360	\$200,260,076	\$122,674,716

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type activities - Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund		
ASSETS:						
Current assets:						
Equity in pooled cash and investments	\$66,209,877	\$14,111,245	\$577,262	\$19,207,982	\$100,106,366	\$14,102,474
Cash with fiscal agents	25,221	-	-	-	25,221	-
Receivables, net	15,396,386	77,791	-	-	15,474,177	3,148
Inventory, at cost	1,354,831	-	-	-	1,354,831	626,273
Other current Assets	2,447,864	187,880	-	-	2,635,744	-
Total current assets	<u>85,434,179</u>	<u>14,376,916</u>	<u>577,262</u>	<u>19,207,982</u>	<u>119,596,339</u>	<u>\$14,731,895</u>
Non-current assets:						
Capital assets:						
Land	6,161,255	-	-	-	6,161,255	-
Depreciable, net	985,871,891	9,003,122	3,350,529	1,237,565	999,463,107	34,402,182
Intangible assets, net	31,556	-	-	153,336	184,892	-
Construction in progress	28,474,619	464,616	-	-	28,939,235	-
Total capital assets, net	<u>1,020,539,321</u>	<u>9,467,738</u>	<u>3,350,529</u>	<u>1,390,901</u>	<u>1,034,748,489</u>	<u>34,402,182</u>
Total non current assets	<u>1,020,539,321</u>	<u>9,467,738</u>	<u>3,350,529</u>	<u>1,390,901</u>	<u>1,034,748,489</u>	<u>34,402,182</u>
Total assets	<u>1,105,973,500</u>	<u>23,844,654</u>	<u>3,927,791</u>	<u>20,598,883</u>	<u>1,154,344,828</u>	<u>49,134,077</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	6,311,337	1,057,573	4,162	649,152	8,022,224	1,524,712
Accrued liabilities	430,705	12,675,631	-	179,428	13,285,764	273,952
Due within one year	26,637,886	29,872,692	-	64,855	56,575,433	1,230,501
Total current liabilities	<u>33,379,928</u>	<u>43,605,896</u>	<u>4,162</u>	<u>893,435</u>	<u>77,883,421</u>	<u>3,029,165</u>
Non-current liabilities:						
Due in more than one year	<u>310,535,671</u>	<u>6,500,000</u>	<u>-</u>	<u>583,695</u>	<u>317,619,366</u>	<u>3,821,344</u>
Deferred Outflows						
Deferred cost of refunding	<u>1,633,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,633,010</u>	<u>-</u>
Total liabilities	<u>345,548,609</u>	<u>50,105,896</u>	<u>4,162</u>	<u>1,477,130</u>	<u>397,135,797</u>	<u>6,850,509</u>
NET POSITION:						
Net investment in capital assets	688,378,397	(961,941)	3,350,529	1,390,901	692,157,886	29,877,260
Unrestricted	<u>72,046,494</u>	<u>(25,299,301)</u>	<u>573,100</u>	<u>17,730,852</u>	<u>65,051,145</u>	<u>12,406,308</u>
Total net position (deficit)	<u>\$760,424,891</u>	<u>(\$26,261,242)</u>	<u>\$3,923,629</u>	<u>\$19,121,753</u>	<u>\$757,209,031</u>	<u>\$42,283,568</u>

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type activities-Enterprise Funds				Total Business-type Activities	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund		
OPERATING REVENUES:						
Water-sewer service charges	\$94,542,664	\$-	\$-	\$-	\$94,542,664	\$-
Water-service hook-up charges	6,273,269	-	-	-	6,273,269	-
Water-service connection charges	1,210,839	-	-	-	1,210,839	-
Sewage treatment service charges	4,850,055	-	-	-	4,850,055	-
Permits and Fees	-	-	-	13,892,608	13,892,608	-
Other charges for services	3,265,148	-	-	-	3,265,148	22,780,518
Parking charges	-	4,337,754	369,455	-	4,707,209	-
Total Operating revenues	110,141,975	4,337,754	369,455	13,892,608	128,741,792	22,780,518
OPERATING EXPENSES:						
Personnel services	14,086,929	-	-	6,532,243	20,619,172	4,135,759
Fringe benefits	5,191,304	-	-	2,489,979	7,681,283	1,810,612
Cost of store issuances	-	-	-	-	-	5,097,954
Contractual services	12,474,107	2,361,187	60,934	3,238,563	18,134,791	-
Purchases of water	7,533,971	-	-	-	7,533,971	-
Materials and supplies	9,766,965	297,093	25,420	258,334	10,347,812	3,132,693
Utilities	-	-	-	-	-	294,945
Operating Equipment	-	-	-	-	-	118,712
Outside services	-	-	-	-	-	2,622,406
Depreciation	14,995,307	516,007	87,787	505,687	16,104,788	6,419,085
Amortization	-	-	-	-	-	-
Deferred rent	-	1,279,992	-	-	1,279,992	-
Equipment (Construction Contracts)	4,853,274	-	-	144,683	4,997,957	-
Internal Services	-	-	-	1,778,882	1,778,882	-
Miscellaneous	5,598,972	-	-	-	5,598,972	-
Total Operating expenses	74,500,829	4,454,279	174,141	14,948,371	94,077,620	23,632,166
Operating income (Loss)	35,641,146	(116,525)	195,314	(1,055,763)	34,664,172	(851,648)
NON-OPERATING REVENUES(EXPENSES)						
Interest income and other income	259,455	8,124	-	97,435	365,014	-
Interest expense and fiscal charges	(11,460,400)	(1,853,449)	-	-	(13,313,849)	-
Interest payment on capital lease	(3,924)	-	-	-	(3,924)	(148,793)
Gain on disposal of assets	-	-	-	-	-	91,581
Total non-operating revenues(expenses)	(11,204,869)	(1,845,325)	-	97,435	(12,952,759)	(57,212)
Net Income(loss) before contributions and transfers	24,436,277	(1,961,850)	195,314	(958,328)	21,711,413	(908,860)
CONTRIBUTIONS AND NET TRANSFERS						
Contributions from developers and other sources	1,065,000	-	-	-	1,065,000	-
Transfers in	-	-	-	-	-	268,499
Transfers out	-	-	-	-	-	(130,000)
Total contributions and net transfers	1,065,000	-	-	-	1,065,000	138,499
Change in net position	25,501,277	(1,961,850)	195,314	(958,328)	22,776,413	(770,361)
Net position - beginning of year	734,923,614	(24,299,392)	3,728,315	20,080,081	734,432,618	43,053,929
Net position - end of year	\$760,424,891	(\$26,261,242)	\$3,923,629	\$19,121,753	\$757,209,031	\$42,283,568

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type activities - Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$113,598,822	\$4,261,133	\$369,455	\$13,892,608	\$132,122,018	\$24,934,415
Cash paid to suppliers	(44,106,370)	(1,973,679)	(82,193)	(5,187,279)	(51,349,521)	(12,806,701)
Cash paid to employees	(19,353,926)	-	-	(8,955,853)	(28,309,779)	(5,946,642)
Net cash flows from operating activities	<u>50,138,526</u>	<u>2,287,454</u>	<u>287,262</u>	<u>(250,524)</u>	<u>52,462,718</u>	<u>6,181,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	<u>275,008</u>	<u>8,124</u>	<u>-</u>	<u>97,435</u>	<u>380,567</u>	<u>-</u>
Net cash flows from investing activities	<u>275,008</u>	<u>8,124</u>	<u>-</u>	<u>97,435</u>	<u>380,567</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfer out to other funds	-	-	-	-	-	(130,000)
Contributions from developers and other sources	-	-	-	-	-	268,499
Net cash flows from (used by) non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,499</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(8,163,452)	(1,900,000)	-	-	(10,063,452)	-
Proceeds from sale of general obligation bonds	3,000,000	-	-	-	3,000,000	-
Bond premiums	207,596	-	-	-	207,596	-
Payment of principal on capital lease	(30,487)	-	-	-	(30,487)	(1,143,236)
Payment of interest on capital lease	(3,924)	-	-	-	(3,924)	(148,793)
Payment of VRA loan	(13,450,026)	-	-	-	(13,450,026)	-
Interest and other loan expenses paid	(11,679,095)	(131,398)	-	-	(11,810,493)	-
Purchases of property	(16,538,010)	(621,922)	-	-	(17,159,932)	(4,116,199)
Proceeds from sale of equipment	-	-	-	-	-	748,345
Net cash flows from (used by) capital and related financing activities	<u>(46,657,398)</u>	<u>(2,653,320)</u>	<u>-</u>	<u>-</u>	<u>(49,310,718)</u>	<u>(4,659,883)</u>
Net increase (decrease) in cash and cash equivalents	<u>3,756,136</u>	<u>(357,742)</u>	<u>287,262</u>	<u>(153,089)</u>	<u>3,532,567</u>	<u>1,659,688</u>
Cash and cash equivalents at beginning of year	<u>62,453,741</u>	<u>14,468,987</u>	<u>290,000</u>	<u>19,361,071</u>	<u>96,573,799</u>	<u>12,442,786</u>
Cash and cash equivalents at end of year	<u>\$66,209,877</u>	<u>\$14,111,245</u>	<u>\$577,262</u>	<u>\$19,207,982</u>	<u>\$100,106,366</u>	<u>\$14,102,474</u>
Reconciliation of operating income to net cash flow from operations:						
Operating Income (Loss)	\$35,641,146	(\$116,525)	\$195,314	(\$1,055,763)	\$34,664,172	(\$851,648)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	14,588,201	516,007	87,786	505,687	15,697,681	6,419,085
(Increase) Decrease in accounts receivable	3,421,147	(76,621)	-	-	3,344,526	2,153,897
(Increase) Decrease in inventories	10,562	-	-	-	10,562	(1,084)
Increase (Decrease) in vouchers payable	(3,460,050)	684,601	4,162	299,552	(2,471,735)	(1,538,907)
Increase (Decrease) in compensated absences	(75,693)	-	-	-	(75,693)	(271)
Increase (Decrease) in contract retainage	(22,487)	-	-	-	(22,487)	-
Increase (Decrease) in accrued rent liability	-	1,279,992	-	-	1,279,992	-
Increase (Decrease) in deferred revenue	35,700	-	-	-	35,700	-
Net cash flows from operations	<u>\$50,138,526</u>	<u>\$2,287,454</u>	<u>\$287,262</u>	<u>(\$250,524)</u>	<u>\$52,462,718</u>	<u>\$6,181,072</u>
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$1,065,000	-	-	-	\$1,065,000	-

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds	Agency Funds
ASSETS:				
Equity in pooled cash and investments	\$47,558,504	\$77,902,235	\$2,172,039	\$14,549,702
Contributions receivable:				
Employer	2,451,086	7,500,000	-	-
Employee	545,686	-	-	-
Accrued interest and other receivables	1,467,434	-	5,312,330	-
Capital assets, net	-	-	23,406,707	-
Receivable from other government	-	-	-	1,319,468
Investments, at fair value				
Foreign, Municipal and U.S. Government				
Obligations, including Fixed				
Instruments in Pooled Funds	84,110,193	-	-	-
Corporate Fixed Income Obligations	168,098,066	-	-	-
Domestic and Foreign Equities, including				
Equities in Pooled Funds	613,627,807	-	-	-
Other investments	83,724,497	-	-	-
Real estate funds	13,779,106	-	-	-
Pooled Equity	528,766,508	-	-	-
Pooled Fixed Income	284,530,824	-	-	-
Convertible	168,349,997	-	-	-
Total assets	<u>1,997,009,708</u>	<u>85,402,235</u>	<u>30,891,076</u>	<u>15,869,170</u>
Deferred Outflows				
Loss on refunding bonds, net	-	-	233,400	-
Total assets and deferred outflows	<u>1,997,009,708</u>	<u>85,402,235</u>	<u>31,124,476</u>	<u>15,869,170</u>
LIABILITIES:				
Accounts payable and				
accrued liabilities	1,977,570	26,323	5,325,119	15,869,170
Bonds payable	-	-	26,280,000	-
Total liabilities	<u>1,977,570</u>	<u>26,323</u>	<u>31,605,119</u>	<u>15,869,170</u>
NET POSITION (DEFICIT)	<u>\$1,995,032,138</u>	<u>\$85,375,912</u>	<u>(\$480,643)</u>	<u>\$-</u>

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds
ADDITIONS:			
Contributions and Revenues:			
Employer contributions	\$58,179,634	\$7,500,000	\$-
Employee contributions	11,928,228	-	-
Other contributions	250,346	-	-
Shared revenues	-	-	2,497,444
Private donations	-	-	55,185
Total contributions	70,358,208	7,500,000	2,552,629
Investment earnings:			
Interest and other	41,278,152	4,840,856	26,259
Gross income from securities lending	243,691	-	-
Bank fees and expenses from securities lending	(60,917)	-	-
Commissions recapture, gross	1,147	-	-
Net change in fair value of investments	4,311,154	(2,148,638)	-
Total investment earnings	45,773,227	2,692,218	26,259
Less investment expenses	8,422,344	-	1,410,202
Net investment earnings	37,350,883	2,692,218	(1,383,943)
Total additions	107,709,091	10,192,218	1,168,686
DEDUCTIONS:			
Administrative expenses	1,489,860	26,323	825,807
Contributions to developers and other sources	-	-	-
Retirees pension expense	90,756,330	-	-
Total deductions	92,246,190	26,323	825,807
Change in net position	15,462,901	10,165,895	342,879
Net position - Beginning of the year	1,979,569,237	75,210,017	(823,522)
Net position - End of the year	\$1,995,032,138	\$85,375,912	(\$480,643)

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1. Summary of Significant Accounting Policies

The accompanying financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below.

I. Accounting Policies

A. The Financial Reporting Entity

Arlington County, Virginia (the "County") is a jurisdiction of the Commonwealth of Virginia and is governed by a five-member County Board. As required by GAAP, these financial statements present the County (primary government) and its component units, the Arlington County Public Schools (the "Schools"), and the AHC Limited Partnership-10/AHC Limited Partnership-11 ("the Gates Partnership"), entities for which the primary government is considered to be financially accountable. As discretely presented component units, the Schools, and Gates Partnership are reported in separate columns in the combined financial statements, to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Arlington County Public Schools (the "Schools") is a legally separate entity that provides educational services to citizens of the County. It is administered by a five-member School Board that is elected by the citizens. The Schools is fiscally dependent on the County since it is not legally authorized to raise taxes or issue debt. The Auditor of Public Accounts of the Commonwealth of Virginia ("APA") is responsible for all financial reporting by jurisdictions within the Commonwealth. APA has determined that the Schools must be displayed as a discretely presented component unit in all the comprehensive annual financial reports of primary governments in the Commonwealth, which have responsibility for school systems. The Schools does not issue separate component unit financial statements and has a June 30 year-end.

AHC Limited Partnership-10 (AHC-10) and AHC Limited Partnership-11 (AHC-11) (collectively "the Gates Partnership") are legally separate Virginia limited partnerships. AHC-10 is comprised of a managing general partner, the New Gates Corporation; a housing credit limited partner, Wachovia Guaranteed Tax Credit Fund, and a master tenant limited partner AHC-11. AHC-11 is comprised of a managing general partner Gates Housing Corporation and an investor limited partner Wachovia Affordable Housing Community Development Corporation.

Debt (Series 2006) was issued by the Industrial Development Authority of Arlington County, Virginia and the proceeds loaned to the Gates Partnership in order to acquire, rehabilitate, and equip a 464-unit multifamily apartment complex for rental to individuals and families of low-income known as the Gates of Ballston (the Project). The debt is projected to be repaid from the revenues generated by the Project. AHC-10 owns the Project, is the borrower on the debt, and leases the Project to AHC-11 under a master lease agreement; AHC-11 rents the Project units to subtenants, pays all operating expenses, and is responsible for making monthly lease payments to AHC-10. The Gates Partnership also has a mortgage note with the Virginia Housing Development Authority and a promissory note with the County. Subject to appropriation, the County will only be responsible for reimbursement of the debt service payments to the extent that the debt service reserve of the Gates Partnership is insufficient to make the required debt service payments. The County does not hold the corporate powers of the Gates Partnership, does not appoint the principals of the Gates Partnership, and does not have the ability to remove principals at will. Under certain conditions, it does have the ability to modify or approve the Gates Partnership's budget, modify or approve rate or fee changes, and influence decisions about management or operations. It can also approve issuance of bonded debt and govern the Gates Partnership's use of revenues, if these acts would adversely affect the ability of the Gates Partnership to make debt service payments. The criteria of imposition of will and fiscal dependency mandate the inclusion as a discrete component unit.

Complete financial statements of AHC Limited Partnership-10 and AHC Limited Partnership-11 may be obtained from Arlington Housing Corporation, 2300 Ninth Street, Suite 200, Arlington, Virginia 22204.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental Accounting Standards Board Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments (“GASB 34”) as amended established that the basic financial statements and required supplementary information should consist of the following sections:

- *Management’s Discussion and Analysis (MD&A)*.
 - MD&A will introduce the basic financial statements and provide an analytical overview of the government’s financial activities.
- *Basic financial statements*. The basic financial statements include:
 - *Government-wide* financial statements, consisting of a statement of net position and a statement of activities.
 - *Fund financial statements* consisting of a series of statements that focus on information about the government’s major governmental and enterprise funds, including its blended component units. Fund financial statements also should report information about the government’s fiduciary funds and component units that are fiduciary in nature.
 - *Notes to the financial statements* consisting of notes that provide information that is essential to a user’s understanding of the basic financial statements.
- *Required supplementary information (RSI)*. In addition to MD&A, this Statement requires budgetary comparison schedules to be presented as RSI along with other types of data as required by previous GASB pronouncements.

The County has followed the guidance of the Government Finance Officers Association of the United States and Canada (“GFOA”) and included the required budgetary comparison for the major governmental fund as Exhibit 5 in the Basic Financial Statements section. It has included the other data required by previous GASB statements in the Notes to the Financial Statements in the Basic Financial Statements. Therefore, the CAFR does not include a separate RSI section.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Funds

The Funds used by the County and its component units are organized under the following broad categories.

Governmental Fund Types: Governmental Funds are those which are used to account for most general governmental functions of the County and the Schools. The acquisition, use and balances of the County and Schools' expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are included in these Funds. The measurement focus of these Funds is based upon determination of, and changes in, financial position rather than upon net income determination. The following are the County's and the Schools' Governmental Fund Types.

The **General Fund** is the government's primary operating governmental fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues derived primarily from property and other local taxes, State and Federal distributions, licenses, permits, charges for services, and interest income are accounted for in this Fund. A significant part of the Fund's revenue is transferred to the Schools to finance their operations, pay-as-you-go capital projects, and debt service requirements.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The Funds used for the Schools include the school operating, school cafeteria, school special grants, school debt service, school community activities, and school comprehensive services funds. County travel and tourism promotion, the Rosslyn, Ballston, and Crystal City business improvement districts, community development block grants, and Section 8 housing grants are also accounted for in these funds.

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). Major capital projects include Transportation Infrastructure, Capital Asset Preservation Program (CAPP), Information Technology CAPP, Parks & Recreation CAPP, Neighborhood Conservation (NC) Program, Neighborhood Traffic Calming (NTC) Programs and Stormwater Drainage Infrastructure. Transportation Capital Funds provide funding for County's Transportation Capital Improvement Program and Metro Matters capital program. Crystal City Tax Increment Financing will provide funding for Crystal City Sector Plan and infrastructure and Columbia Pike Tax Incremental Financing will provide funding for Columbia Pike Neighborhoods Plan to support affordable housing. The IDA Bond Funds provide funding for the Emergency Communications Center, the Trade Center, the George Mason Center, the Enterprise Resource Planning (ERP), Arlington Mill, and Buckingham Park.

Proprietary Fund Types: Proprietary Funds are used to account for County operations which are similar to those often found in the private sector. The measurement focus of these Funds is the determination of net income through matching revenues earned with the expenses incurred to generate such revenues. The operations of such Funds are generally intended to be self-supporting. The following are the County's Proprietary Fund Types.

The **Enterprise Funds** account for the financing of services to the general public where the operating expenses involved are usually recovered in the form of charges to users of such activities. Enterprise Funds consist of the Utilities (water and sewer), the Ballston Public Parking Garage, the Eighth-Level Ballston Public Parking Garage Funds, and the Community Planning Housing Development (CPHD) Development Fund.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The government reports the following major proprietary funds:

The *Utilities Fund* accounts for the activities of the water pollution control plant and the water distribution system.

The *Ballston Public Parking Garage Fund* accounts for the activities of the parking garage operation.

The *Ballston 8th Level Parking Garage Fund* accounts for the activities of the 8th floor of the parking garage operation.

The *CPHD Development Fund* accounts for fee-supported operations of CPHD inspection services and planning divisions.

Additionally, the government reports the following fund types:

Internal Service Funds account for fleet management and printing services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Fiduciary Fund Types: The Fiduciary Funds account for the assets received and disbursed by the County government acting in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The County reports the following fiduciary fund types:

The *Private-purpose Trust Funds* are used to account for resources legally held in trust to provide for costs to oversee the operation of the waste-to-energy plant and other related expenses, resources used for the construction of the IDA Skating facility on the eighth level of the Ballston Public Parking Garage, to account for the loan between the IDA and Signature Theater to pay off existing debt of Signature Theater and funds set aside for various social service programs.

The *Pension Trust Fund* accounts for the activities of the Arlington County Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Other Post-Employment Benefits (OPEB) – County Trust Fund* accounts for the assets held in trust by the County and beneficiaries of its OPEB plan.

The *Agency Funds* account for assets held by the County as an agent for individuals, private organizations, other governmental units and/or funds. The assets included in Agency funds are for Special Welfare Programs in the Department of Human Services, Friends of Library donations, Parks and Recreations donations, and Commission Funds reserved for Canteen and Inmates.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Fund, of the Ballston Public Parking Garage Fund, the Eighth-Level Ballston Public Parking Garage Fund, CPHD Development Fund and of the government's Internal Service Funds are charges to customers for sales and services. The Utilities Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Budgets

Budgets are adopted on the modified accrual basis. Annual appropriated budgets are adopted for the General and Special Revenue Funds. All appropriations are legally controlled at the departmental level. The School Board prepares a separate operations budget for approval by the County Board. The proposed budget includes a recommended program of County and School capital expenditures to be financed from current operations. The County Manager biennially submits a ten year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2022, this CIP presented a ten year planning period instead of six years presented previously. This shift to a longer planning horizon has many benefits including facilitating better planning and financing of major multi-year transportation and

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

utility projects, and analyzing operating budget impacts. The Budget presentation displayed in Exhibit 5 is formatted differently than the governmental fund statements, but the overall ending balance is identical.

F. Equity in Pooled Cash and Investments

The Treasurer's Office pools substantially all cash and investments for County and School purposes (County funds) in pooled and separate cash and investment accounts. Separate accounts correspond with specific contractual and/or legal restrictions. Each Fund's equity share of the total pooled cash and investments is included on the accompanying balance sheet under the caption "Equity in Pooled Cash and Investments." The Treasurer conducts banking and investment activities as authorized by The Code of Virginia, Chapter 44 – Security for Public Deposits Act; Chapter 45 – Investment of Public Funds Act; Chapter 46 – Local Government Investment Pool Act; and Chapter 47 – Government Non-Arbitrage Investment Act. The Code of Virginia delineates additional authority and obligations of the Treasurer in 58.1-3123 through 3172.1. In addition, the County Treasurer has a formal, written investment policy which further governs the types of allowable investments and procedures for investing the county's operating funds. The Investment Policy was last updated on June 1, 2009. The Investment Policy received a Certification of Excellence from the Association of Public Treasurers of the United States and Canada in August 2007. The County established a Finance Board pursuant to Code of Virginia Sections 58.1-3151 et. seq.

The Treasurer's investment policy sets forth a number of investment parameters such as investment objectives, asset allocations and maximum maturities. The stated investment objectives, in priority order, are: preservation of principal, liquidity and yield. Pursuant to this policy, the Treasurer does not invest County operating funds and bond proceeds in "derivative" securities, securities lending, or invest in mortgage backed securities guaranteed by the Government National Mortgage Association (GNMA). Further, the Treasurer does not invest in reverse repurchase agreements. The Treasurer's general intent is to place and manage all bond proceeds with and through the State Non-Arbitrage Program (SNAP).

The Pension Trust Fund is also authorized to make investments as deemed appropriate by its Board of Trustees and in compliance with the U.S. Department of Labor regulations. It is required by County ordinance to maintain at least twenty percent of its portfolio in fixed income investments.

Investments in the Pension Trust Fund consist of investment instruments, domestic and international stocks and bonds, U.S. Treasury notes and bonds, and real estate and real estate notes, which are held in the County's name by the Fund's Trustee who serves as the Pension System's agent. Temporary investment funds on deposit with financial institutions were fully insured by the Federal Deposit Insurance Corporation up to \$250,000 for each Retirement System participant.

Investments are recorded at fair value based on quoted closing market prices except for real estate funds reported in the Pension Trust Fund. For alternative investments, which include real estate investments, where no readily ascertainable market value exists, management in consultation with the general partner and investment advisors, has determined the fair values for individual investments based upon the partnership's most recent available financial information. Under authorization of the Retirement Board, the Pension Trust Fund engages in a securities lending program through its custodian. In accordance with its adopted investment policy, the Retirement System is authorized to invest in foreign currency forward contracts, which are valued at fair market value, as a risk management tool. All interest earned on cash and investments pooled by the County is recorded in the County's General Fund as legally allowed, except for separate cash and investments accounts or funds legally entitled to interest earned.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from primary government", "due to/from component unit" or "due to/from other funds" (i.e., the current portion of interfund loans to the schools or primary government) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

ARLINGTON COUNTY, VIRGINIA

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Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

“Accounts receivable, net” for the Utilities Fund includes water and sewer services used by customers, but not yet billed. Unbilled revenues are estimated based on the billing cycles of each customer.

All taxes, assessments, service charges and other receivables are shown net of an allowance for uncollectibles. The County's allowance for uncollectible receivables is based upon historic non-collection percentages.

H. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in first-out method for inventories in the Utilities and Schools Funds. Inventories acquired by the Utilities Fund and the Automotive Equipment Fund are accounted for using the consumption method. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply. Inventories in the School Cafeteria Fund are accounted for using the purchase method. Under this method, the cost is recorded as an expenditure at the time individual items are purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets for both primary government and component unit Schools are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. For infrastructure capital assets, this maintenance is carried in the General Capital Projects (Pay-Go) Fund. Additions to infrastructure capital assets are provided by capital outlays from the Street and Highway bond funds. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment assets of the primary government, as well as of the component unit Schools is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Water/sewer system	75
Parking garage	45
Infrastructure	40
Building/improvements	40
Furniture and fixtures	10
Other capital assets	3-20

Intangible assets, which include computer software purchased or internally generated, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Intangible assets for both primary government and component unit Schools are defined by the government as assets with an initial, individual cost of more than \$50,000 (amount not rounded) and an estimated useful life in excess of one year. Subsequent additions, modifications or upgrades to computer software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Interest incurred during the development of intangible assets of business-type activities is included as part of the capitalized value of the assets developed. Capitalized computer software costs are amortized using the straight line method over a period of 5 years.

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J. Compensated Absences

County employees are granted vacation leave based upon length of employment; a total of 35 days of vacation may be carried over from one year to the next. Teachers do not earn vacation leave. Compensatory leave is granted to some County employees for overtime work on an hour-to-hour basis; no more than 80 hours of compensatory leave may be carried over from one year to the next. The County and the Schools do not place a maximum limitation on the accumulation of sick leave, which may be carried over from one year to the next. Compensatory leave is vested, while sick leave vests under certain limited circumstances.

Accumulated vested unpaid compensated absences for the County and the Schools in both the government-wide and the Proprietary Funds are recorded as an expense and liability of General Fund, Internal Service Funds, Utilities Fund, CPHD Development Fund, and Schools as the benefits accrue to employees.

K. Arbitrage Rebate Liability

The U.S. Treasury has issued regulations on calculating the rebate due the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the County temporarily invests the proceeds of tax exempt debt in securities with higher yields. The County treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund. At June 30, 2015, the County had no arbitrage rebate liability.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

In accordance with Government Accounting Standards Board statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints, such as inventory and prepaid expenses.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors (such as through debt covenants), grantors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action by the County Board and does not lapse at year-end. Committed amounts cannot be used for any other purpose unless the County Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Manager. The County Board will review the

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recommendations at the November Board meeting. If approved by a resolution of the County board, the assigned funds become committed. Amendments must follow guidance described in Note 1.I.E. By State law, funds cannot be spent unless appropriated by the County Board.

Unassigned – includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The Unassigned Fund Balance can only be appropriated by a resolution of the County Board.

The County considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available. When utilizing unrestricted balances, committed balances are applied first, followed by assigned than unassigned balances.

N. Comparative data/reclassifications

Comparative total data for the prior year have been presented in the accompanying combining other supplemental information of the financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain FY 2014 amounts have been reclassified to conform to the FY 2015 presentation. These reclassifications did not affect the FY 2014 net position, fund balances or changes therein.

O. Cash and Cash Equivalents

For Statement of Cash Flows reporting purposes, cash and cash equivalents include cash on hand, demand deposits, equity in highly liquid cash and investments pools, certificates of deposit, repurchase agreements and commercial paper with maturities at time of purchase of three months or less.

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

Q. Deferred Outflows

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of the resources (expenditure) until a future period.

R. Deferred Inflows

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Trust Fund and the additions to/deductions from the Pension Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the Arlington County Employees' Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Retirement Plan and the Political Subdivision's Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan and the Political Subdivision's Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Implementation of New GASB Pronouncements

In June 2012, the Governmental Accounting Standard Board ("GASB") issued GASB Statement No. 68 ("GASB 68"), *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local government employers for the pension in which they are involved. The requirements of the new Statement became effective for fiscal periods after June 15, 2014. The County adopted GASB 68 during the year ended June 30, 2015.

The financial reporting impact resulting from the implementation of GASB 68 included a restatement of FY 2014 net position from \$884,678,872 to \$862,878,872 for the County and from \$604,739,343 to \$162,832,097 for Schools. In FY 2015 the County recognized pension expense of \$46,000,000, net pension asset of \$91,500,000, deferred outflows of \$80,250,000 and deferred inflows of \$150,410,000. In FY 2015 Schools recognized pension expense of \$33,651,974, net pension liability of \$414,303,220, deferred inflows of 47,410,610 and deferred outflows of \$42,349,169. (See Note 16).

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$1,013,408,243) difference are as follows:

General obligation bonds - general government	(\$233,343,894)
Refunding bonds - general government	(178,820,702)
General obligation bonds - Schools	(217,513,507)
Refunding bonds - Schools	(161,944,836)
Compensated absences - general government	(33,783,981)
Worker's compensation - general government	(3,558,047)
Capital leases - general government	(15,938,583)
Bond premium to be amortized – County	(32,594,598)
Bond premium to be amortized – Schools	(29,055,095)
IDA – Metro and Buckingham Village 1	(35,325,000)
IDA Revenue Bonds - 2011	(9,940,000)
IDA Revenue Bonds - 2013	(61,590,000)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>(\$1,013,408,243)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and changes in *net position of governmental activities* as reported

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in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.” The details of this \$50,582,805 difference are as follows:

Capital acquisitions	\$86,217,132
Depreciation expense	<u>(35,634,327)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$50,582,805</u></u>

Another element of the reconciliation states that “Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this difference are as follows:

Unearned property tax revenue 6/30/14	(\$347,808,282)
Unearned property tax revenue 6/30/15	<u>(360,908,835)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> arrive at <i>changes in net position of governmental activities</i>	<u><u>\$13,100,553</u></u>

Another element of that reconciliation states that “Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.” The details of this \$6,107,021 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds – County	(\$44,440,000)
Issuance of general obligation bonds - Schools	(30,000,000)
Capital leases	<u>(6,383,803)</u>
Capital financing – General Government	<u>(80,823,803)</u>
Principal repayments:	
General obligation debt – County	16,904,000
General obligation debt – Schools	18,242,000
Payment to refunded bonds - County	15,359,106
Payment to refunded bonds - Schools	11,766,444
Payment to IDA – Metro and Buckingham Village 1	1,240,000
Payment to IDA Revenue Bonds - 2011	625,000
Payment to IDA Revenue Bonds - 2013	7,780,000
Capital leases	<u>4,760,784</u>
Total principal repayments	<u>76,677,334</u>
Bond premium to be amortized	<u>(1,960,552)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>(\$6,107,021)</u></u>

Another element of that reconciliation states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and worker’s compensation.” The detail of this (\$572,162) difference is as follows:

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Compensated absences	(\$377,236)
Worker's compensation	<u>(194,926)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of government activities</i>	<u><u>(\$572,162)</u></u>

Another element of that reconciliation states that “OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”

	<u><u>\$552,058</u></u>
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Another element of the reconciliation that states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds such as pension expenses. The detail of this \$12,200,000 difference is as follows:

FY 2015 pension contributions deferred	\$58,200,000
Pension expense	<u>(46,000,000)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$12,200,000</u></u>

Another element of the reconciliation that states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds such as deferred outflows/inflows of resources. The detail of this \$30,821,435 difference is as follows:

Deferred outflows/inflows of resources from pension	\$30,940,000
Deferred outflows of resources from advance refunding	<u>(118,565)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$30,821,435</u></u>

Another element of that reconciliation states that “Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities.”

Additional expenses – internal service funds	\$81,287
Net operating loss – internal service funds	<u>(851,648)</u>
Net adjustment to <i>decrease net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>(\$770,361)</u></u>

NOTE 2. Legal Compliance

The County Manager's proposed budget for the following fiscal year is presented to the County Board in February. Public hearings on the proposed budget and tax rates are held in early spring and are followed by a series of work sessions of the County Board, during which preliminary funding decisions regarding proposed operating and capital programs are reached. Final County Board decisions are incorporated into the appropriation, tax, and budget resolutions for the fiscal year. These resolutions are generally approved by the County Board in April and a separate Adopted Budget document is issued subsequent to the Board approval. Under Virginia law, the County Board must adopt the School Board budget no later than May 1 of the current fiscal year.

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Supplemental appropriations may be approved by the County Board subsequent to the adoption of the original budget. In FY 2015 such appropriation amendments totaled \$131,283,056 and are reflected in the amounts presented in the financial statements. In addition, the County Board can approve transfers of appropriations between County departments and the County Manager can approve budget transfers within a department's appropriation. The level of budgetary control in the County is at the department level. Expenditures exceeded the level of control in FY 2015 for the Circuit Court Judiciary due to personnel spending on temporary staff and overtime, and for the Sheriff's Department due to overtime costs.

The Ballston Parking Garage (an Enterprise Fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has a negative net position of \$26,261,242 at June 30, 2015. The deferred ground rent and deferred mortgage payable are limited liabilities and are only payable under certain net operating income circumstances. The deficiency has been caused by slower than anticipated commercial development of the areas adjacent to the garage and limitations on parking rates. Under its agreement with The Federated Department Stores Inc., the County was precluded from initially increasing some key parking rates. Management of the County believes that the most recent rate increases and subsequent rate increases in future fiscal years coupled with the completion of adjacent development projects will result in the eventual achievement of a positive equity position.

The Ballston Skating Facility (a Trust Fund) is owned by IDA and is currently leased to the Capitals. The Capitals are making payments of rent that are equal to debt service on the Bonds. The Trust has generated sufficient positive cash flow since inception on November 10, 2006 to meet its operating and revenue bond debt service requirements. It also financed the capital project for the 8th Level Ballston Public Garage and expensed its Bond issuance cost in the past. The Facility has a negative net position of \$565,566 at June 30, 2015 and County management believes that rent payments will result in a positive net position soon.

The Printing Fund (an Internal Service Fund), incurred an increase in net position of \$56,386 in FY 2015, resulting in an ending net deficit of (\$191,281). Management will evaluate measures to continue reducing the deficit in FY2016.

NOTE 3. Cash and Investments

I. County Cash and Investments

The County maintains a cash and investment pool in which each County and Schools fund participates on a dollar equivalent and daily transaction basis. Bank deposits and investments of the Pension Trust are held separately from those of the County.

A. Custodial Credit Risk Deposits

At year end, the carrying amount of the County and School deposits was \$ 261,555,108 and the bank balance was \$271,818,638. Of the bank balance, \$ 11,219,792 was covered by Federal depository insurance. The bank balances exceeding those covered by Federal insurance are protected under the provisions of the Virginia Security for Public Deposits Act ("the Act").

B. Custodial Credit Risk

Custodial risk is the risk that in the event of a failure by a counter party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The treasurer's investment policy requires that all securities be clearly held in the name of Arlington County and held in safekeeping by a third party in compliance with Section 2.2-4515 of the *Code of Virginia*. As a result the County has no custodial credit risk.

C. Investment Policy

In accordance with the *Code of Virginia*, the Treasurer's investment policy permits investment in obligations of the United States or agencies thereof, obligations of State and municipal governments as well as agencies thereof, commercial paper, bankers' acceptances, repurchase agreements, corporate notes, mutual funds, Virginia Investment Program (VIP) and the Virginia Local Government Investment Pool (LGIP), a 2a-7 like pool. Depository accounts and certificates may also be used. Unexpended bond proceeds are invested in the Virginia State Non-Arbitrage program (Virginia SNAP).

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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D. Credit Risk

The Code of Virginia authorizes the investment in various instruments as described above. The County will only invest in securities with “prime quality” credit ratings by at least one nationally recognized rating agency.

E. Concentrations of Credit Risk

The County's policy defines limits on the amounts that may be invested in various investments. The portfolio is in compliance with each of the stated limits as of June 30, 2015.

F. Interest Rate Risk

As a means of limiting exposure to fair value losses resulting from increasing interest rates, the Treasurer’s investment policy states that the maturities in the portfolio are to be reviewed frequently to mitigate the effects of market fluctuations.

At June 30, 2015, the County had the following investments and maturities:

	<u>Investment Maturity (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>Greater than 5 years</u>
Corporate Notes	\$111,044,347	\$27,807,088	\$40,683,167	\$42,554,092	\$-
Commercial Paper	108,784,594	108,784,594	-	-	-
Government Agency Bonds	80,357,440	-	43,085,523	37,271,917	-
Municipal Obligations*	<u>27,073,986</u>	<u>9,803,233</u>	<u>13,286,775</u>	<u>3,883,978</u>	<u>100,000</u>
Total	<u>\$327,260,367</u>	<u>\$146,394,915</u>	<u>\$97,055,465</u>	<u>\$83,709,987</u>	<u>\$100,000</u>

* Maturity date on Variable Rate Demand Note investments (total of \$100,000) is 8/1/24, with a weekly put.

Investment not subject to Interest Rate Risk:

Virginia LGIP	\$219,365
Virginia VIP	40,311,281
Virginia State Non-Arbitrage Program	<u>265,089,771</u>
Total	<u>305,620,417</u>
Total Investments	<u>\$632,880,784</u>

US Bank, as trustee for holders of bonds for the Ballston Parking Garage, is authorized to invest in all investment instruments for the County. As of June 30, 2015, the Trustee Bank had \$17,846,347 in a U.S. government money market fund consisting of securities approved for direct investment.

First Virginia Community Bank is the Trustee for Alexandria/Arlington Waste to Energy- Monitoring Group Trust Fund. Investments in the amount of \$65,436 at fair value were held by First Virginia Community Bank at June 30, 2015.

Bank of New York Mellon Bank (BNYM), as the trustee for the Industrial Development Authority (IDA) of Arlington County, Virginia, Series 2009, Series 2011, and Series 2013 Revenue Bonds, is granted and assigned a security interest

ARLINGTON COUNTY, VIRGINIA

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in the investment instruments by the IDA Authority of Arlington County. As of June 30, 2015, BNYM had \$450,468 in the Trustee Banks.

Bank of New York Mellon Bank (BNYM), as the trustee for the Industrial Development Authority (IDA) of Arlington County, Virginia, Taxable Economic Development Revenue Bonds (Skating Facility Project), is authorized to invest in all investments for the IDA. As of June 30, 2015, the Trustee Banks had \$2,179,327 in the Bank of New York Mellon Bank (BNYM).

The County has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program (“SNAP”). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities and towns. As of June 30, 2015, the County had \$265,089,771 in the SNAP short term investment.

II. Arlington County Employee’s Retirement System (“System”) Cash and Investments

A. Legal Provisions and Investment Policy

The System is authorized by the Code of Virginia §51.1-803 to invest funds of the System in conformance with the prudent person rule. Arlington County Code §21-23, §35-21, and §46-22 require that assets of the System be invested with care, skill, prudence, and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Arlington County Code §21-24, §35-22, and §46-23 require that investments be diversified to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so.

The System’s written investment policy provides for investment in all major sectors of the capital markets in order to diversify and minimize total investment program risk. Such sectors include, but are not limited to:

- Convertible securities
- Cash, money market funds and other short term investment funds
- Common stocks, preferred stocks, warrants and similar rights of U.S. and non-U.S. companies.
- Private equity. The System invests in private equity via a fund-of-funds and direct approach to maximize diversification by vintage year and investment type.
- Open and closed end pooled real estate funds and real estate investment trust securities
- Fixed income obligations of the U.S. government and its agencies, mortgage-backed securities, corporate bonds, and asset backed securities. In addition, fixed income obligations of non-U.S.
- Governments, companies and supernational organizations, in bother developed and emerging markets. Limits on concentration, credit quality and duration are governed by each investment manager’s contract.

Since the Fund does not utilize a target allocation approach, the following table shows the Fund’s ten year average allocation:

<u>Asset Class</u>	<u>10 Year Average Allocation</u>
Domestic Equity	46.6%
International Equity	18.2%
Fixed Income	28.2%
Cash/Short Term	2.0%
Non-Traditional	5.0%
<u>Total</u>	<u>100%</u>

While the above asset allocation is not a restrictive target (see investment restrictions below), it is representative of the nature and mix of current and expected System investments.

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B. Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected pension plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's expected asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	5.7%
International Equity	5.7%
Fixed Income	2.0%
Cash/Short Term	0.0%
Non-Traditional	8.7%

C. Investment Restrictions

The following summarizes the primary investment restrictions included in the System's investment policy statement. Individual investment manager contracts typically include additional guidelines and limitations.

Fixed income investments must be at least 20% of the Fund's assets at market value. The Fund must be rebalanced if the market weight of fixed income investments falls below 20%, unless the Board, acting on the recommendation of staff or the investment consultant to defer rebalancing, determines that it would not be consistent with the Board's fiduciary responsibility to rebalance (increase fixed income) at that time.

No new commitment to illiquid investments can be made which causes the allocation to illiquid investments, including existing market value and commitments, to exceed 15% of the System's market value.

Unless the Board grants prior authorization, the investment managers may not:

- Invest more than 10% of the market value of each portfolio in the securities of any one issuer, with the exception of the U.S. government and its agencies
- Hold more than 5% of the outstanding shares of a single company in each portfolio
- Hold unlisted equity securities that exceed 20% of the portfolio, exclusive of holdings in banks, utilities, and insurance companies
- Use leverage of any sort for any purpose beyond prudent industry standards
- Effect short sales of securities
- Purchase non-registered securities, such as private placements
- Pledge, mortgage or hypothecate securities, except in approved security lending programs

Investment managers are prohibited from:

- Making investments prohibited by county, state or federal law
- Investing in collectibles
- Making loans, including mortgage loans, to individuals

Derivatives are allowed only in cases where their use reduces the cost of a desired transaction and/or improves the risk characteristics of the portfolio. The Board may, however, approve the use of derivatives to implement investment

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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processes intended to add value in specifically-designated, risk-controlled applications, such as currency management. Any such value-added investment program shall be approved only where:

- The potential exposures have been well defined by the Board and provide for a downside risk range for the Fund within established limits
- The value of the designated Fund assets subject to risk due to the program does not exceed 15% of the Fund's assets
- In any program where an active overlay strategy combining derivatives with underlying portfolio assets is to be used, the gross amount of any long and short exposures taken on by the overlay shall not exceed the value of the designated Funds assets being overlaid

The System's Investment Policy provides external investment managers with discretion to take actions, within approved guidelines, regarding each portfolio's foreign currency exposures using forward currency contracts. These contracts are agreements to exchange one currency for another currency at an agreed upon price and date. Investment managers use such contracts primarily to settle pending trades at a future date. Key risks include counter party non-performance and currency fluctuations. As of June 30, 2015, the System had \$653,480 in open net forward currency contracts.

D. Cash and Cash Equivalents

At June 30, 2015, the System had cash and cash equivalents of \$47,558,504. Cash deposits in bank accounts totaled \$559,656. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$46,998,848 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

E. Investments and Risk

The System's investments are recorded at fair value based on the methodology described in Note 1. Summary of Significant Accounting Policies, Investments, of Arlington County Employees' Retirement System Comprehensive Annual Financial Report. The following table presents the fair value of investments by type at June 30, 2015:

Investment Type	Fair Value (in \$000s)
Common Stock	\$493,289
Convertible Equity	6,328
Preferred Stock	4,174
Government and Government Agency Debt	49,034
Government State and Local Debt	2,910
Corporate Bonds	156,423
Corporate Convertible Bonds	162,668
Commercial Mortgaged Backed Securities	1,976
Collateralized Mortgage Obligations	387
Asset Backed Securities	6,532
Bank Loans	5,193
Pooled Equity Funds	673,554
Pooled Bond Funds	317,420
Cash and Short Term	46,535
REITs	6,022
Private Equity	49,539
Real Estate	13,808
Other	(2,787)
Total ⁽¹⁾	<u>\$1,993,005</u>

(1) Investment related accruals are reflected in the respective asset category; further, data on the Statement of Fiduciary Net Position (Exhibit 9) includes disbursement account cash and operating accruals not reflected in the data above.

Interest Rate Risk

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Interest rate risk is driven by changes in general interest rate levels. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on \$385.1 million of directly owned fixed income securities and on \$317.4 million invested in three pooled US fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2015 are:

Investment Type:	Fair Value	Investment Maturities (years)			
	(\$000s)	Under 1	1-5	6-10	Over-10
Asset backed Securities	\$6,532	\$-	\$1,428	\$-	\$5,104
Bank Loans	\$5,193	-	3,841	1,352	-
Commercial Mortgage-Backed	\$1,976	-	-	-	1,976
Corporate Bonds	\$156,423	3,602	32,451	55,906	64,464
Corporate Convertible Bonds	\$162,668	2,511	92,142	44,012	24,003
Government & Government Agencies	\$49,034	24,546	11,300	6,282	6,906
Government State & Local Debt	\$2,910	-	-	-	2,910
Collateralized Mortgage Obligations	\$387	-	-	-	387
Total	<u>\$385,123</u>	<u>\$30,659</u>	<u>\$141,162</u>	<u>\$107,552</u>	<u>\$105,750</u>

Interest rate sensitivity of a fixed income portfolio is best measured by effective duration which reflects the average percentage change in portfolio value due to a 1% change in interest rates. The effective duration for the System's directly held fixed income portfolio at June 30, 2015 is shown below:

Investment Type (in \$ 000s)	Fair Value	Effective Duration (Yrs)
Asset backed Securities	\$6,532	2.20
Bank Loans	5,193	-
Commercial Mortgage-Backed	1,976	2.74
Corporate Loans	156,423	4.37
Corporate Convertible Bonds	162,668	4.50
Government & Government Agencies	49,034	3.52
Government State & Local Debt	2,910	4.42
Collateralized Mortgage Obligations	387	1.83
Total	<u>\$385,123</u>	<u>4.28</u>

Custodial Credit Risk

In the event of counter-party failure, the System may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty, or counterparty's trust department, are uninsured and are not registered in the name of the System. The System requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the System.

Credit Risk

The System's credit quality distribution for the System's directly held fixed income investments of \$385.1 million at June 30, 2015 is shown below:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Investment Type <i>(in \$ 000s)</i>	Fixed Income Credit Quality Distribution							
	Credit Quality							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Asset backed Securities	766	502	1,689	2,872	\$-	\$-	\$-	702
Bank Loans	-	-	-	-	270	3,371	715	837
Commercial Mortgage-Backed	206	1,210	443	117	-	-	-	-
Corporate Bonds	-	4,986	15,014	49,914	44,515	28,433	8,569	4,992
Corporate Convertible Bonds	-	-	7,147	9,537	22,936	14,300	3,070	105,679
Government & Government Agencies	37,965	-	6,177	4,134	758	-	-	-
Government State & Local Debt	-	-	-	-	-	2,910	-	-
Collateralized Mortgage Obligations	-	387	-	-	-	-	-	-
Total	\$38,937	\$7,085	\$30,470	\$66,574	\$68,479	\$49,014	\$12,354	\$112,210

Note: Ratings based on S&P Quality Ratings.

Foreign Currency Risk

Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2015 was as follows:

<i>Currency (in \$ 000s)</i>	Equity	Fixed Income & Convertible	Cash	Total
Australian Dollar	\$1,510	\$5,255	\$12	\$6,777
Brazilian Real	1,989	960	-	2,949
British Pound	15,662	5,509	74	21,245
Canadian Dollar	2,070	18,058	141	20,269
Danish Krone	3,798	-	-	3,798
Euro	19,319	19,227	142	38,688
Hong Kong Dollar	14,180	966	17	15,163
Indonesian Rupiah	3,906	-	-	3,906
Japanese Yen	2,529	8,391	187	11,107
Malaysian Ringgit	418	-	-	418
Mexican Peso	1,506	5,426	58	6,990
New Zealand Dollar	-	6,631	-	6,631
Nigerian Naira	242	-	-	242
Norwegian Krone	109	-	-	109
Philippines Peso	2,577	-	-	2,577
Singapore Dollar	1,122	-	-	1,122
South African Rand	597	-	-	597
South Korean Won	-	937	-	937
Swedish Krona	5,051	643	21	5,715
Swiss Franc	1,046	665	1	1,712
Thailand Baht	780	-	-	780
Turkish Lira	-	1,739	-	1,739
Total	\$78,411	\$74,407	\$653	\$153,471

F. Securities Lending

Under authorization of the Board, the System engaged in a securities lending program through its custodian, Northern Trust, for securities held in separate accounts. In accordance with the contract, Northern Trust may lend any securities held in custody. Only obligations issued by the US Government are accepted as collateral investment. By not accepting cash collateral, the program relies on the demand of the loaned securities as the driver on income and is not subject to collateral reinvestment risk. Minimum collateralization levels for all loans is 102% of the market value of the borrowed securities or 105% if the borrowed securities are not denominated in dollars. Loans and collateral are marked to market

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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on a daily basis. The collateral is maintained by Northern Trust and all securities on loan are callable at any time. The System does not have the ability to pledge or sell the collateral.

All securities on loan are carried at fair value and the collateral received for securities on loan is listed in the financial statements as an asset of the System, offset by an accompanying security lending obligation.

In the event the borrower becomes insolvent and fails to return the securities, Northern Trust indemnifies the System by agreeing to purchase replacement securities, or to remit the collateral held. There were no such failures by any borrower during the fiscal year nor were there any losses during the year resulting from a borrower or lending agent default.

The fair value of securities on loan increased from \$20.7 million at the beginning of the year to \$23.4 million at June 30, 2015.

The following table details the net income from securities lending for the fiscal year ended June 30, 2015:

Gross Income from Securities Lending	\$243,691
Less: Bank Management Fees	<u>(60,917)</u>
Net Income from Securities Lending	<u>\$182,774</u>

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2015:

Type of Securities Lent (in \$ 000s)	Fair Value	Value of Collateral
Total	\$23,384,095	\$23,916,344

None of the System's pooled fund investments have material realized or unrealized securities lending related losses.

G. Commission Recapture Program

The System participates in a commission recapture program with the Frank Russell Company. This program allows the System to recapture a portion of the commissions paid to broker/dealers by investment managers who participate in the program. All trades are placed subject to the requirement for best execution. Earnings credited to commission recapture income for the fiscal year ended June 30, 2015 were \$1,147.

NOTE 4. Receivables and Unearned Revenues

Receivables at June 30, 2015 are summarized below:

	Governmental Activities	Business-type Activities
Real estate taxes	\$363,623,204	\$-
Personal property taxes	4,353,652	-
Business license taxes	2,807,952	-
Meal tax	959,850	-
Accounts receivable	53,607,525	15,966,494
Interest	792,495	-
Total	<u>426,144,678</u>	<u>15,966,494</u>
Less: Allowance for uncollectible accounts	<u>(1,440,015)</u>	<u>(492,317)</u>
Net receivables	<u>\$424,704,663</u>	<u>\$15,474,177</u>

Real Estate assessments are based on 100% of the fair market value of land and improvements as of January 1 of each year; January 1 has also been established as the lien date for real property by state law.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The County Board establishes the tax rates on or about April 1 of each year, at which time the County has the legal right to request payment. Real Estate taxes are due in two equal installments on June 5 and October 5. Included in real estate taxes receivable is the unbilled October 5 installment. This October due amount, totaling \$360,908,835, has also been recorded as unearned revenue since these revenues are not considered to be available to finance current year expenditures.

Personal property tax assessments, relating principally to motor vehicles and tangible property belonging to businesses, are based on 100% of the fair market value of the property as of January 1. Personal property taxes are due on October 5.

The County's allowance for uncollectible taxes and service fees for water and sewer services is based upon historic non-collection percentages.

Governmental funds report unearned revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Special revenues funds and Capital project fund also report unearned revenues recognition in connection with resources that have been received, but not yet earned. At June 30, 2015, the revenues components of unearned revenues reported were as follows:

<u>Governmental Funds</u>	<u>Unearned Revenue</u>
<u>General Fund</u>	
Housing development loans	\$15,097,400
Household Credits	393,290
Rental Income	14,810
<u>Capital Project Fund</u>	
Master lease	5,004,734
Developer's contributions	5,221,088
	<u>\$25,731,322</u>

<u>Deferred Inflows</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Government</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
Taxes	\$2,914,329	\$3,874,617	\$6,788,946	\$-	\$6,788,946
Grants	2,667,749	3,909,238	6,576,987	-	6,576,987
Pension	150,410,000	-	150,410,000	-	150,410,000
Housing development loans	-	9,800,138	9,800,138	-	9,800,138
Refunding of debt	-	-	-	1,633,010	1,633,010
	<u>\$155,992,078</u>	<u>\$17,583,993</u>	<u>\$173,576,071</u>	<u>\$1,633,010</u>	<u>\$175,209,081</u>
<u>Deferred Outflows</u>					
Refunding of debt	\$745,432				
Pension	80,250,000				
Total Governmental Funds	<u>\$80,995,432</u>				

*Deferred outflows/inflows in Government funds include \$360,908,835 October installment of Real Estate taxes.

NOTE 5. Capital Assets and Intangible Assets

Capital asset activity for the year ended June 30, 2015:

ARLINGTON COUNTY, VIRGINIA

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JUNE 30, 2015

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental and Internal Service activities:				
Capital assets, not being depreciated:				
Land	\$164,478,229	\$1,890,656	\$-	\$166,368,885
Construction in progress	220,497,893	70,318,992	99,747,621	191,069,264
Total capital assets, not being depreciated	<u>384,976,122</u>	<u>72,209,648</u>	<u>99,747,621</u>	<u>357,438,149</u>
Capital assets, being depreciated:				
Infrastructure	539,734,813	85,287,759	-	625,022,572
Buildings	339,404,693	9,990,439	-	349,395,132
Furniture, fixtures and equipment	249,304,346	21,797,386	2,779,756	268,321,976
Intangible	4,142,534	806,393	-	4,948,927
Total capital assets being depreciated	<u>1,132,586,386</u>	<u>117,881,977</u>	<u>2,779,756</u>	<u>1,247,688,607</u>
Less accumulated depreciation for:				
Infrastructure	300,902,154	12,474,715	-	313,376,869
Buildings	105,209,351	8,882,220	-	114,091,571
Furniture, fixtures and equipment	109,204,457	19,848,970	2,112,319	126,941,108
Intangible	1,767,677	847,507	-	2,615,184
Total accumulated depreciation	<u>517,083,639</u>	<u>42,053,412</u>	<u>2,112,319</u>	<u>557,024,732</u>
Total capital assets, being depreciated, net	<u>615,502,747</u>	<u>75,828,565</u>	<u>667,437</u>	<u>690,663,875</u>
Governmental and Internal Service activities capital assets, net	<u>\$1,000,478,869</u>	<u>\$148,038,213</u>	<u>\$100,415,058</u>	<u>\$1,048,102,024</u>
Business-type Activities				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$6,161,255	\$-	\$-	\$6,161,255
Construction in progress	125,999,949	16,967,128	114,027,842	28,939,235
Total capital assets, not being depreciated	<u>132,161,204</u>	<u>16,967,128</u>	<u>114,027,842</u>	<u>35,100,490</u>
Capital assets, being depreciated:				
Sewer system	354,223,000	30,242,085	-	384,465,085
Water system	693,336,177	84,850,756	-	778,186,933
Building	25,827,358	-	-	25,827,358
Furniture, Equipments	5,629,436	192,804	-	5,822,240
Intangible	1,149,969	-	-	1,149,969
Total capital assets being depreciated	<u>1,080,165,940</u>	<u>115,285,645</u>	<u>-</u>	<u>1,195,451,585</u>
Less accumulated depreciation for:				
Sewer system	101,131,934	1,947,584	-	103,079,518
Water system	61,410,831	12,946,757	-	74,357,588
Building	13,201,275	583,695	-	13,784,970
Furniture, fixtures and equipment	3,199,772	416,661	-	3,616,433
Intangible	754,986	210,091	-	965,077
Total accumulated depreciation	<u>179,698,798</u>	<u>16,104,788</u>	<u>-</u>	<u>195,803,586</u>
Total capital assets, being depreciated, net	<u>900,467,142</u>	<u>99,180,857</u>	<u>-</u>	<u>999,647,999</u>
Business-type activities capital assets, net	<u>\$1,032,628,346</u>	<u>\$116,147,985</u>	<u>\$114,027,842</u>	<u>\$1,034,748,489</u>

ARLINGTON COUNTY, VIRGINIA

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Discretely presented component units

Schools:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$4,697,946	\$-	\$-	\$4,697,946
Capital assets, being depreciated:				
Buildings	684,492,640	80,130,343	40,416,101	724,206,882
Furniture, fixtures, and equipment	82,628,452	9,291,654	4,230,400	87,689,706
Total capital assets being depreciated	<u>767,121,092</u>	<u>89,421,997</u>	<u>44,646,501</u>	<u>811,896,588</u>
Less accumulated depreciation for:				
Buildings	177,117,286	17,112,316	-	194,229,602
Furniture, Equipments	54,823,176	4,081,767	-	58,904,943
Total accumulated depreciation	<u>231,940,462</u>	<u>21,194,083</u>	<u>-</u>	<u>253,134,545</u>
Total capital assets, being depreciated, net	<u>535,180,630</u>	<u>68,227,914</u>	<u>-</u>	<u>558,762,043</u>
Schools activities capital assets, net	<u>\$539,878,576</u>	<u>\$68,227,914</u>	<u>\$-</u>	<u>\$563,459,989</u>

Depreciation expense was charged to functions of the County and Schools as follows:

Function and Activity	<u>Depreciation Expense</u>
Primary government:	
Government activities:	
General Government	\$14,637,957
Public Safety	2,802,820
Public works, including depreciation of infrastructure assets	13,188,378
Health and welfare	434,635
Libraries	297,794
Parks, recreation and culture	2,896,468
Planning and community development	1,376,275
Total Depreciation Expense - Government Activities	<u>35,634,327</u>
Internal Services	<u>6,419,085</u>
Total Depreciation Expense - Governmental & Internal Services	<u>\$42,053,412</u>
Business-type activities:	
Utilities	\$14,995,307
Ballston Public Parking Garage	516,007
8th level Ballston Public Parking Garage	87,787
CPHD Development Fund	505,687
Total Depreciation Expense - Business-type Activities	<u>\$16,104,788</u>
Component unit	
Schools	<u>\$21,194,083</u>
Total Depreciation Expense - Component units	<u>\$21,194,083</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 6. Risk Management

The County is exposed to various risks of loss relative to property, liability, revenue and personnel. The systematic identification and analysis of exposures to risk, implementation of risk control and loss mitigation techniques, and utilization of appropriate risk financing alternatives encompasses the management of these risks. It is the general philosophy of the County to retain risks internally up to economically prudent retention levels and account for necessary claim settlements in the General Fund. For excess exposure levels, specialized exposures and where commercial insurance is available at cost-effective premiums, the County will transfer some risk to commercial insurance carriers through the purchase of insurance policies, while maintaining the integrity of the County's strategic self-insurance objectives. The major self-insurance programs are workers' compensation, employees' health insurance, and the self-insured retention portion of general, automobile, and public officials' liability. For each major self-insurance program the County uses the professional services of a third-party administrator to adjudicate claims and recommend appropriate reserves for outstanding claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The amount of settlement did not exceed the insurance coverage for each of the last three years. At June 30, 2015 the current portion of these liabilities was \$6.69 million which represent an estimate of health insurance claims that have been incurred but not reported of \$6.34 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.35 million. The non-current portion was \$3.20 million which represent an estimate of workers' compensation claims which are included in the long-term liabilities based on a history of such claims. These liabilities are the County's best estimate based on available information.

Changes in the reported liabilities since July 1, 2013 resulted from the following:

	<u>Beginning of Fiscal</u> <u>Year Liability</u>	<u>Current Year Claims</u> <u>and Changes in</u> <u>Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal</u> <u>Year-End</u>
2013 – 2014				
Current	\$6,587,851	\$54,847,327	\$52,473,377	\$6,961,531
Long Term	\$3,373,058	\$2,104,563	\$2,450,812	\$3,026,809
2014 – 2015				
Current	\$6,961,531	\$54,088,700	\$54,354,077	\$6,696,154
Long Term	\$3,026,809	\$2,750,002	\$2,574,569	\$3,202,242

In addition, the County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2015. The County maintains a General Fund operating reserve that totaled \$57,385,360 as of June 30, 2015. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, set at two percent of the General Fund budget for a number of years, is now at least five percent.

NOTE 7. Operating Leases

The County leases office space and equipment under various long-term lease agreements. The building lease agreements are subject to various adjustments during the terms of the leases. Future minimum rental payments for each of the following years ending June 30, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$18,601,887
2017	19,418,251
2018	20,042,286
2019	12,819,629
2020	9,300,318
2021-2030	92,549,428
	<u>\$172,731,799</u>

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In FY 2003, the County renewed and amended the operating lease agreement of the Court House Plaza to include the ninth floor premises. Total square feet of office space under the new 15 year agreement is 208,433. As part of the Court House Plaza lease agreement, the County receives 50% of the net cash flow generated by office and residential buildings located in the Court House area, subject to a minimum of \$150,000 annually. During the fiscal year ended June 30, 2015, the County received \$2,876,928 under these lease agreements. The County entered into a 75 year lease agreement with Arlington Hotel Associates LLC (LLC) on June 20, 2005 for the construction and operation of a hotel on a real property owned by Arlington County. The County (Landlord) leases the land to the LLC (Tenant), in return, the LLC made a one-time lump sum payment of \$150,000 upon receipt of the first certificate of occupancy and pays rent in the amount equal to 2% of annual gross revenues thereafter. The total payments received from the LLC during FY 2015 were \$575,000. The County has also entered into a 45-year lease agreement for approximately 4.41 acres of land for the construction and operation of the Ballston Public Parking Garage. Cumulative lease payments are payable only when the garage attains certain cash flow targets which have not occurred since the inception of the lease. As of June 30, 2015, the lease liability \$12,675,631 has been accrued in the Ballston Public Parking Garage Fund.

NOTE 8. Capital Leases

The County has financed the acquisitions of capital assets, including Arlington Transit (ART) buses, equipment for Fairlington Community Center, energy performance upgrade for the Arlington County Justice Center, breathing apparatus for the Fire Department, Voice over Internet Protocol (VoIP) voice communication system, a rock crusher, computers, and equipment. Arlington Public Schools has financed the acquisition of computers. Assets acquired and capital leases at June 30, 2015 are summarized below:

	<u>Primary Government</u>	<u>Schools</u>
Building	\$1,395,842	\$-
Equipment	39,005,559	13,026,840
Equipment CIP	4,093,168	-
Auto	2,802,688	-
Total Assets, at cost	<u>47,297,257</u>	<u>13,026,840</u>
Accumulated depreciation	<u>(14,717,196)</u>	<u>(4,996,908)</u>
Total Assets, net	<u>\$32,580,061</u>	<u>\$8,029,932</u>

The annual future minimum lease payments as of June 30, 2015 are as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

General Government:

Year Ending June 30,	Technology Services	Environmental Services	Public Safety	Total General Government
2016	\$2,463,281	\$952,992	\$1,791,953	\$5,208,226
2017	2,240,299	952,992	1,551,507	4,744,798
2018	2,008,918	727,122	1,226,774	3,962,814
2019	972,341	484,045	858,913	2,315,299
2020	275,255	466,840	653,373	1,395,468
2021	-	466,840	653,373	1,120,213
2022	-	466,840	653,373	1,120,213
2023	-	466,839	362,081	828,920
2024	-	466,839	362,081	828,920
2025	-	-	362,081	362,081
Total Minimum Lease payments	<u>\$7,960,094</u>	<u>\$5,451,349</u>	<u>\$8,475,509</u>	<u>\$21,886,952</u>
Less Imputed Interest	(256,678)	(743,958)	(612,857)	(1,613,493)
Amount deferred	<u>(2,702,146)</u>	-	<u>(1,632,730)</u>	<u>(4,334,876)</u>
Present Value of Minimum Payments	<u>\$5,001,270</u>	<u>\$4,707,391</u>	<u>\$6,229,922</u>	<u>\$15,938,583</u>

Internal Service Fund:

Year Ending June 30,	Auto Equipment
2016	\$1,292,024
2017	1,068,840
2018	845,651
2019	845,650
2020	385,282
2021	385,282
Total Minimum Lease Payments	<u>4,822,729</u>
Less Imputed Interest	<u>(297,807)</u>
Present Value of Minimum Payments	<u>\$4,524,922</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Enterprise Fund:

<u>Year Ending June 30,</u>	<u>Utilities</u>
2016	\$34,411
2017	34,411
2018	34,412
2019	17,206
Total Minimum Lease Payments	<u>120,440</u>
Less Imputed Interest	<u>(6,626)</u>
Present Value of Minimum Payments	<u><u>\$113,814</u></u>

Component Unit – Schools:

<u>Year Ending June 30,</u>	<u>Schools</u>
2016	\$2,257,061
2017	1,401,095
2018	557,933
Total Minimum Lease Payments	<u>4,216,089</u>
Less Imputed Interest	<u>(104,685)</u>
Present Value of Minimum Payments	<u><u>\$4,111,404</u></u>

NOTE 9. Long-Term Debt

A. General Obligation Bonds

All outstanding bonds, except revenue bonds, constitute legally binding obligations of the County. The County Board is authorized and required by law to levy ad valorem taxes, without limitation as to rate or amount, on all taxable property within the County to pay the principal and any interest on the bonds. There is no overlapping debt for the County and no legal debt limit for counties in Virginia. There is, however, a requirement that general obligation bonds be approved by the voters at referendum before authorization for sale and issuance. Maturities of general obligation bonds currently outstanding, including interest, excluding premiums, are as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

ARLINGTON COUNTY, VIRGINIA
GENERAL OBLIGATION AND IDA BONDS

Fiscal Year	GENERAL FUND		SCHOOL FUND		UTILITY FUND		TOTAL GO BOND		IDA		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	\$35,988,151	\$15,655,784	\$30,173,592	\$14,488,503	\$8,423,257	\$4,426,298	\$74,585,000	\$34,570,585	\$4,930,000	\$3,798,520	\$8,728,520
2017	36,127,575	14,751,068	29,883,637	13,708,068	8,338,789	4,014,796	74,350,001	32,473,932	4,945,000	3,698,192	8,643,192
2018	33,016,928	13,119,937	29,164,907	12,207,329	8,028,165	3,983,681	70,210,000	29,310,947	4,960,000	3,579,989	8,539,989
2019	31,359,590	11,874,998	28,437,632	11,220,156	7,992,778	3,387,068	67,790,000	26,482,222	5,005,000	3,439,541	8,444,541
2020	29,303,185	10,704,638	25,686,714	10,258,601	7,490,101	3,044,253	62,480,000	24,007,492	5,055,000	3,281,240	8,336,240
2021	28,941,034	9,572,944	25,263,751	9,242,069	7,765,216	2,755,095	61,970,001	21,570,108	5,110,000	3,114,771	8,224,771
2022	26,465,208	8,468,340	23,234,246	8,293,422	7,360,546	2,361,604	57,060,000	19,123,366	5,170,000	2,939,302	8,109,302
2023	25,189,500	7,341,050	22,005,499	7,329,910	7,650,000	2,040,463	54,844,999	16,711,423	5,235,000	2,755,466	7,990,466
2024	23,539,350	6,244,100	21,852,439	6,370,961	7,753,209	1,680,161	53,144,998	14,295,222	5,295,000	2,565,896	7,860,896
2025	21,780,000	5,273,531	21,800,000	5,441,141	8,110,000	1,323,416	51,690,000	12,038,088	5,370,000	2,369,045	7,739,045
2026	18,990,000	4,433,335	19,555,000	4,580,346	8,130,000	975,445	46,675,000	9,989,126	4,310,000	2,189,225	6,499,225
2027	18,712,725	3,687,667	22,122,275	3,726,560	6,285,000	684,056	47,120,000	8,098,283	4,410,000	2,025,052	6,435,052
2028	15,957,725	2,997,016	17,062,275	2,909,315	4,435,000	473,820	37,455,000	6,380,151	4,510,000	1,852,315	6,362,315
2029	13,867,725	2,387,256	13,467,275	2,283,580	2,370,000	338,621	29,705,000	5,009,457	4,620,000	1,674,736	6,294,736
2030	13,862,725	1,857,584	13,467,275	1,773,269	2,370,000	249,046	29,700,000	3,879,899	4,730,000	1,485,743	6,215,743
2031	13,092,725	1,338,824	12,252,275	1,277,358	2,370,000	159,209	27,715,000	2,775,391	4,860,000	1,284,965	6,144,965
2032	11,822,725	837,209	10,717,275	810,196	1,410,000	82,792	23,950,000	1,730,197	4,370,000	1,077,455	5,447,455
2033	8,137,725	419,356	8,492,275	396,857	800,000	33,663	17,430,000	849,876	4,505,000	895,476	5,400,476
2034	3,700,000	182,063	3,320,000	152,625	235,000	11,625	7,255,000	346,313	3,585,000	729,092	4,314,092
2035	2,310,000	43,313	1,500,000	28,125	150,000	2,813	3,960,000	74,251	3,730,000	577,471	4,307,471
2036									1,310,000	472,904	1,782,904
2037									1,365,000	417,880	1,782,880
2038									1,420,000	360,592	1,780,592
2039									1,480,000	300,939	1,780,939
2040									1,545,000	238,715	1,783,715
2041									1,610,000	173,817	1,783,817
2042									1,675,000	106,244	1,781,244
2043									1,745,000	35,895	1,780,895
	<u>\$412,164,596</u>	<u>\$121,190,013</u>	<u>\$379,458,342</u>	<u>\$116,498,391</u>	<u>\$107,467,061</u>	<u>\$32,027,925</u>	<u>\$899,089,999</u>	<u>\$269,716,329</u>	<u>\$106,855,000</u>	<u>\$47,440,478</u>	<u>\$154,295,478</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

B. Revenue Bonds – Ballston Public Parking Garage

Revenue Bonds of \$22,300,000 were issued by the County in 1984 to provide for the acquisition and construction of a public parking garage facility. The bonds were issued in the form of Variable Rate Revenue Bonds to mature on August 1, 2017, and are subject to redemption as a whole or in part, at any time, at the principal amount thereof, plus accrued interest at the County's discretion. The bonds are not general obligations of the County and are payable solely from gross revenues arising from the operations of the garage facilities, an irrevocable direct pay letter of credit in the initial principal amount of \$25,648,055 and other funds which may be available to the project. As "credit support" for the project, the County has agreed to consider appropriating funds should a shortfall in revenues affect the payments to the bondholders. Debt service payments on the bonds are further secured by a deed of trust on the garage facilities and related assets. As of June 30, 2015, \$7,000,000 is outstanding under these revenue bonds.

The interest rate on the bonds is determined weekly, using a Variable Interest Index, calculated under the terms of the bond issuance agreements. The rate may be converted to a fixed interest rate at the discretion of the County during the term of the bonds. The initial interest rate was 6.9%, and at no time can exceed 15%. The weekly interest averaged approximately 0.0579% in FY 2015. Interest is payable quarterly prior to conversion to a fixed interest rate, and on June 1 and December 1 of each year thereafter until maturity, purchase or earlier redemption. The direct pay letter of credit is substantially collateralized by the assignment of the land lease and other agreements. On September 22, 2011, a three-year Letter of Credit (LOC) was issued by PNC Bank, N.A. This letter of credit will expire on September 6, 2014. On August 5, 2014, subsequent to the end of FY 2013, the LOC was signed to extend the expiration date to August 6, 2017.

Using a usual and customary direct-pay letter of credit mechanism, during FY 2015, the County drew from the letter of credit \$6,087 to pay bondholders for the interest accrued on the revenue bonds. The letter of credit drawdowns were immediately repaid by the County from garage revenues held in trust at the time of the drawdowns. The fees associated with the letter of credit were \$90,615 in FY 2015. During FY 2015, \$1,900,000 of bond principal was repaid from garage revenues in accordance with the terms of the letter of credit agreement.

C. Mortgage and Ground Lease Debt

The County entered into an agreement (the "Agreement") dated August 1, 1984, for the purchase of an existing parking garage facility at a total purchase price of \$3,929,679. An initial payment of \$500,000 was made on October 22, 1986, with the remaining balance of \$3,429,679 payable annually with 8% interest per annum beginning in FY 1988. Principal and interest are payable solely from revenues derived from garage operations, at \$275,000 and \$375,000 for the first 10 years and the next 17 years, respectively. In any year that there is not sufficient cash flow, payments under the note shall be deferred; however, the note shall be due and payable in full, 45 years from the date of the note. The short-term portion of mortgage and ground lease interest payable was \$25,943,013. As of June 30, 2015, all payments have been deferred.

D. Virginia Resources Authority Note Payable

VRA Bonds were issued in June 2004 in the amount of \$100,000,000. The proceeds from those bonds were received by the County prior to fiscal year 2012. The interest rate on these bonds is 3.10 percent. The principal outstanding on these bonds at June 30, 2015 was \$62,477,539.

In June 2007, the County entered into a Financing Agreement with the Virginia Resources Authority (VRA). VRA agreed to issue \$4,000,000 (Series 2007 A) and \$76,000,000 (2007 Series B) in Wastewater System Revenue Bonds (VRA Bonds) and lend the proceeds to the County for improvements to the County's water pollution control plant and wastewater system. Interest was charged at a rate of 3.00 percent and 2.52 percent respectively. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2015 was \$2,914,890 on Series A bonds and \$55,270,931 on Series B bonds.

In October 2008, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$50,000,000 in Wastewater System Revenue Bonds, Series 2008 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 2.72 percent. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2015 was \$40,176,332.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

In June 2009, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$35,000,000 in Wastewater System Revenue Bonds, Series 2009 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 3.35 percent. The proceeds from those bonds were received by the County prior to fiscal year 2011. On June 30, 2015, principal outstanding on these bonds was \$29,542,109.

In May 2010, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$1,856,428 (Series 2008), \$16,795,849 (Series 2009), and \$16,347,723 (Series 2010) Wastewater System Revenue Bonds and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds was 2.72 percent, 3.35 percent, and 2.93 percent respectively. At June 30, 2015, the principal outstanding on these bonds was \$1,569,203 on Series 2008 bonds, \$14,176,709 on Series 2009 bonds and \$13,705,197 on Series 2010 bonds.

All current and prior bonds are secured by a pledge of County sewer revenues.

E. IDA Revenue Bonds (Various County Projects)

On August 13, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$41,280,000 in Revenue Bonds for the benefit of Arlington County (the "2009 IDA Bonds"). The 2009 IDA Bonds were for the funding of the County's Metro Matters obligation and for the acquisition of property for a park and streets in Buckingham Village 1. \$31,435,000 of the issuance was in the form of taxable Build America Bonds (BABs). Interest on these bonds is subject to a 35% rebate from the IRS. The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2009 IDA Bonds. Debt service on \$10,800,000 is expected to come from the Transportation Investment Fund revenues which come from a 12.5 cent tax per \$100 of assessed value on commercial real estate. The principal outstanding on these notes at June 30, 2015 was \$35,325,000.

On January 27, 2011, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$11,940,000 in Revenue Bonds for the benefit of Arlington County (the "2011 IDA Bonds"). The 2011 IDA Bonds were for the funding of the County's construction of Fire Station #3, park space at Buckingham Village I, and construction of Arlington Mill Community Center. The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2011 IDA Bonds. As of June 30, 2015, \$9,940,000 remains outstanding.

On May 9, 2013, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$76,315,000 in Revenue Bonds for the benefit of Arlington County (the "2013 IDA Bonds"). The 2013 IDA Bonds were for the funding of the County's acquisition and improvements to land and property located at 2020 14th Street North, advance refunding of the 2004 IDA Lease Revenue Bonds and refunding of IDA Revenue Notes. The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2013 IDA Bonds. As of June 30, 2015, \$61,590,000 remains outstanding.

F. Changes in Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
General Government:					
Compensated absences *	\$33,406,745	\$31,286,875	(\$30,909,639)	\$33,783,981	\$3,378,398
Workers compensation	3,363,121	3,055,558	(2,860,632)	3,558,047	355,805
GO Bonds - County **	205,807,894	44,440,000	(16,904,000)	233,343,894	24,284,576
Refunding Bonds - County **	194,179,808	-	(15,359,106)	178,820,702	11,703,575
GO Bonds - Schools **	205,755,507	30,000,000	(18,242,000)	217,513,507	17,934,050
Refunding Bonds - Schools **	173,711,280	-	(11,766,444)	161,944,836	12,239,542
IDA - Metro and Buckingham Village 1	36,565,000	-	(1,240,000)	35,325,000	1,265,000
IDA Revenue Bonds - 2011	10,565,000	-	(625,000)	9,940,000	625,000
IDA Revenue Bonds - 2013	69,370,000	-	(7,780,000)	61,590,000	3,040,000
Capital leases	14,315,564	6,383,803	(4,760,784)	15,938,583	4,771,783
Bond premiums - County	31,167,146	3,415,826	(1,988,374)	32,594,598	2,159,165
Bond premiums - Schools	28,521,995	2,231,490	(1,698,390)	29,055,095	1,809,963
Totals General Government	1,006,729,060	120,813,552	(114,134,369)	1,013,408,243	\$83,566,857
Internal service:					
Compensated Absence	527,194	558,600	(558,871)	526,923	52,692
Capital lease	5,668,158	-	(1,143,236)	4,524,922	1,177,809
Total Governmental Activities	\$1,012,924,412	\$121,372,152	(\$115,836,476)	\$1,018,460,088	\$84,797,358
Component Unit - Schools:					
Compensated absences	\$33,399,887	\$3,485,900	\$0	\$36,885,787	\$3,688,579
Capital lease	4,563,018	1,630,162	(2,081,776)	4,111,404	2,185,528
	\$37,962,905	\$5,116,062	(\$2,081,776)	\$40,997,191	\$5,874,107
Business-Type Activities					
Compensated absences-Utilities	\$1,300,998	\$1,632,709	(\$1,708,401)	\$1,225,306	\$122,531
Compensated absences-CPHD	582,181	761,995	(695,626)	648,550	64,855
GO Bonds - Utilities **	47,106,599	3,000,000	(7,114,000)	42,992,599	7,076,000
Refunding Bonds - Utilities **	65,523,912	-	(1,049,451)	64,474,461	1,347,257
Revenue Bonds - Ballston	8,900,000	-	(1,900,000)	7,000,000	500,000
Mortgage Payable - Ballston	3,429,679	-	-	3,429,679	3,429,679
Mortgage and Interest Payable - Ballston	24,474,958	1,468,055	-	25,943,013	25,943,013
VRA Loan Payable	233,282,935	-	(13,450,026)	219,832,909	13,955,488
Bond and mortgage interest payable - Utilities	4,006,023	3,787,326	(4,006,023)	3,787,326	3,787,326
Capital Leases	144,301	-	(30,487)	113,814	31,368
Bond Premium - Utilities	4,830,753	223,149	(306,762)	4,747,140	317,916
Total business-type activities	\$393,582,339	\$10,873,234	(\$30,260,776)	\$374,194,797	\$56,575,433

* The General, School & Utility Funds have been used in prior years to liquidate compensated absences.

** Beginning with FY14 the outstanding bonds were displayed by their type - GO Bonds and Refunding Bonds. Although the total debt shown in each category (for County, Schools and Utilities) was correct, the split between the GO and Refunding bonds was incorrect. In the FY15 note, the beginning balance for each type has been corrected to show what it should have been. This correction has no impact on the County's total outstanding bonds.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 10. Net Investments in Capital Assets – Component unit - Schools

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia’s local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the “school debt” is reflected in Exhibit 1 “Statement of Net Position” in the governmental activities column of the primary government. The net effect of this on the entries to the Exhibit 1 governmental activities for “Non-current liabilities” and “Net investment in capital assets” is \$408,513,438 for the Primary Government and the Schools. The effect on the Statement of Activities includes \$524,656 which represents the net of school bond proceeds less principal payments on school bonds. This election has no effect on the combined total of the overall government.

NOTE 11. Receivables and Payables

The County has numerous transactions among Funds and Component Units to finance operations, provide services, and construct assets. Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans). The amounts of such transactions not received or paid at June 30, 2015 are reflected in current due to/from accounts of each Fund/Component Unit, as summarized below:

Due to/ from other funds

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$1,925,681	\$-
Emergency Communications Center		75,155
Section 8 Housing		797,505
Urban Area Security Initiative	-	1,053,021
	<u>\$1,925,681</u>	<u>1,925,681</u>

Due to/from primary government and component unit

	<u>Receivables Entity</u>	<u>Payables Entity</u>
General Fund	(\$129,645)	\$80,125,408
School Funds:		
Operating		
Primary Government	69,833,350	-
Community Activities		
Primary Government	1,070,570	-
Pay-As-You-Go		
Primary Government	9,199,773	-
School – Debt Service		(129,645)
CSA		
Other School Funds	21,715	-
	<u>\$79,995,763</u>	<u>\$79,995,763</u>

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2015 are as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

<u>Transfer</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Internal Service Fund</u>	<u>Total Transfers Out</u>
General Fund	\$-	\$29,993,113	\$268,499	\$30,261,612
Capital Projects Fund	-	-	-	-
Special Revenue Fund	76,726	-	-	76,726
Non-major Capital Projects Fund	128,439	-	-	128,439
Internal Service Fund	130,000	-	-	130,000
Total Transfers In	<u>\$335,165</u>	<u>\$29,993,113</u>	<u>\$268,499</u>	<u>\$30,596,777</u>

NOTE 12. Fund Balance

Certain portions of fund balances have been reserved or committed by the County Board for specific purposes and are therefore not available for general appropriation as summarized below. Future disbursements relating to these reserved and designated fund balances are accounted for as expenditures in the year in which incurred.

The non-spendable fund balance is comprised of the following amounts reported in non-spendable form such as prepaid:

\$1,265,793 Section 8 Housing
4,275 Neighbour Conservation Bond Fund

The County committed the following General Fund balance types by a resolution of the County Board:

\$5,000,000 Self-insurance reserve
2,833,146 Capital projects
57,385,360 Operating reserve
281,390 Incomplete Projects
36,914,040 Affordable Housing Investment Fund
29,898,607 Subsequent year's budget – Schools
4,529,331 Subsequent years' County budget
8,599,377 Economic & revenue stabilization contingent

The County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2015. The County maintains a General Fund operating reserve that totaled \$57,385,360 as of June 30, 2015. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, will be maintained at no less than three percent of the General Fund budget, with a goal of increasing the reserve to five percent.

The County uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made. Fund balance must be appropriated by the County Board prior to spending.

The purpose of each special revenue fund and revenue source is listed below:

<u>Special Revenue Fund</u>	<u>Revenue Source</u>
Ballston Business Improvement District	Real Estate Taxes
Rosslyn Business Improvement District	Real Estate Taxes
Crystal City Business Improvement District	Real Estate Taxes
Community Development Grants	Federal Grants
Section 8 Housing Program	Federal Grants

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 13. Commitments and Contingencies

A. Washington Metropolitan Area Transit Authority

In October 2004, the County and other WMATA contributing jurisdictions signed to the Metro Matters Funding Agreement (MMFA) with WMATA for fiscal year 2006-2010 for \$3.3 billion. The MMFA described funding priorities for system renewal and enhancement projects for Metrorail and Metrobus, and presented a financial plan to implement more than \$3 billion in projects over the six year period of the Agreement which ended in June, 2010.

In July 2010, the Metro Matters Program was succeeded by the WMATA Capital Funding Agreement (the "Agreement"). This Agreement covered \$5.0 billion in capital funding needs throughout fiscal years 2011 – 2016 and served as a master agreement to support future capital needs presented in annually updated Capital Improvement Programs (CIP's). The current FY 2016 – 2021 Capital Improvement Program (CIP) is a 6 year forecast that lays out the specific projects to be funded, along with the sources of funds, in accordance with the Agreement. The CIP may include any capital project or purchase eligible for capital funding and may include projects in such categories as: vehicles and vehicle parts, rail system infrastructure rehabilitation, maintenance facilities, systems and technology, tracks and structures, passenger facilities, maintenance equipment, other facilities, project management, safety and security projects, and preventative maintenance.

Arlington County's contribution of \$105 million in funding over the six-year period of this Agreement is subject to annual appropriation of funds, and other limitations on expenditures or obligations under the applicable law. Arlington County is planning to use General Obligation Bonds and state grants to cover its share of the Capital Funding Agreement needs.

In addition, the County shares the operating costs for WMATA's combined bus and rail system. State aid and Northern Virginia Transportation Commission funds have been utilized to help finance these costs. During FY 2015, the County paid \$29.9 million from its General Fund to subsidize WMATA's Metrobus, Metrorail and MetroAccess operating costs.

B. Construction Commitments

As of June 30, 2015 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Project Funds	\$56,466,739
Utilities Funds	11,512,218
	<u>\$67,978,957</u>

These projects include the Transportation Infrastructure Maintenance Capital, Utility Water Distribution System Improvements, Sanitary Sewer System Improvements, Wastewater Treatment Plant Improvements, and Water & Sewer System Maintenance Capital Programs.

C. Waste-to-Energy Facility

Arlington Solid Waste Authority

The Arlington Solid Waste Authority (the "ASWA") was created in 1984 and is responsible for oversight of the waste-to-energy facility ("the Facility"). The ASWA consists of the five elected members of the Arlington County Board, the County Manager, who is appointed by the County Board, and the County Comptroller, who reports (as a trustee of the Trust Fund) to the County Manager. The boards of the County and the ASWA have the same membership.

On December 1, 1984, an inter-local joint enterprise agreement was entered into between the Alexandria Sanitation Authority and the Arlington Solid Waste Authority (the "Authorities"). The Joint Enterprise, referred to as the Alexandria/Arlington Resource Recovery Corporation, was formed to design, construct, equip, test, and operate a solid waste disposal facility having an installed capacity of 975 tons per day of mixed municipal solid waste. The facility is located at 5301 Eisenhower Avenue, Alexandria, Virginia. Revenue bonds were issued by the Alexandria Industrial Development Authority and proceeds were lent to the Authorities to construct the facility.

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On October 22, 1985, the Facility was sold by the Authorities to a private company (“the Corporation”) pursuant to a Conditional Sale and Security Agreement. The sale involved the transfer of construction-in-progress together with marketable securities and other assets. The Corporation assumed the obligation to provide funds adequate to pay the current liabilities and the outstanding revenue bonds payable as of October 22, 1985. This Agreement requires the Authorities to transfer full title to the Facility only when principal and interest on the outstanding revenue bonds or any subsequent refinancing revenue bonds have been paid in full. The Agreement also entitles the Authorities to repossess the Facility if revenue bond debt service payments are not made.

In connection with this transaction, the Corporation entered into a Facility Agreement dated as of October 1, 1986, obligating it to construct the Facility and to provide waste disposal services to the City of Alexandria, Arlington County, and the Authorities for 20 years. Under the Facility Agreement, the County has a guaranteed annual tonnage of acceptable waste commitment to the Facility. The commitment is based on a percent of solid waste the County expects to collect. The Facility charges a fee on each ton based on defined costs, and the County has met its maximum requirement for annual tonnage each year.

In July 1998, the Authorities advance refunded \$55,025,000 of the outstanding revenue bonds (Series 1998 A bonds) for the Facility to take advantage of lower interest rates. In November 1998, the Arlington Industrial Development Authority issued \$48,550,000 in new retrofit revenue bonds (Series 1998 B bonds) to cover the cost of new pollution abatement equipment at the Facility required by federal law. The proceeds of the Series 1998 B bonds were lent to Authorities to construct the equipment. A promissory note was issued by the ASWA in the amount of \$27,651,000 as part of this construction financing. The Series 1998 A bonds matured in January 2008, and the plant was sold to Covanta for \$10.00 per bill of sale which was dated February 28, 2008.

Because the ASWA Board is essentially the same as the Arlington County Board and the financing agreements require the capital assets built with the Series 1998 B bonds to belong to the ASWA (60% ownership), the County had to record these assets in its financial statements for FY 1999 and FY 2000. Cash, capital assets (construction-in-progress), and the promissory note signed by the ASWA were displayed with the County’s Enterprise Funds. The retrofitting of the Facility’s boiler units with certain air pollution control equipment was made necessary by the EPA regulations adopted pursuant to the 1990 Clean Air Act Amendments which imposed more stringent emission limitations on waste-to-energy facilities. The Corporation has agreed to design, construct, start-up, and test the equipment so that it passes the Acceptance tests.

Since Acceptance testing on each unit was completed in November 2000, the Operating Lease agreement between the ASWA and the Corporation took effect in January 2001. Since in essence the lease is a capital lease, the capital assets completed and covered by the lease and the promissory note are removed from the County records and are now considered a part of the plant.

D. Alexandria/Arlington Waste To Energy Facility Monitoring Group Trust Fund “WTE-FMG”

On December 31, 2012 Arlington County and the City of Alexandria entered into a new Inter-local agreement and established the Waste To Energy Facility Monitoring Group Trust “WTE-FMG” and terminated the Alexandria/Arlington Waste Disposal Trust fund. The new trust oversees the operation of the facility and it has been used to pay consulting fees to the engineering firm for operations and maintenance audits of the facility, professional association fees and other payments related to the WTE facility. The Trust drives its revenue mainly from contributions by both jurisdictions and interest on invested funds. The funds are invested by Arlington County in First Virginia Community Bank, the carrying value of the funds totaled \$61,536 and \$55,173 and the bank balance totaled \$65,436 and \$55,173 at June 30, 2015 and June 30, 2014 respectively. During FY 2015 the Fund had \$118,501 as revenues and project-related expenditures of \$114,862.

E. Industrial Development Authority Ice Skating Facility

The County is committed to encouraging continuing economic development, including the area around Ballston, inducing the relocation to the County of private businesses to strengthen the business climate, and to making sports and recreation facilities available to the citizens of the County. To further these ends, on December 14, 2004, the County Board approved a resolution to assist the Washington Capitals Hockey Club (the “Capitals”), a professional team of the National Hockey League, in the development and construction of a skating facility and related improvements (the “Skating Facility”). The Skating Facility was built on the eighth (top) level of the existing Ballston Public Parking Garage (the “Garage”), which is owned by the County, adjacent to the Ballston Commons Mall. In 1984, the County had assisted in the development of Ballston Commons Mall, by constructing the existing seven-level parking garage. Under the current arrangements, the County leases the land on which the

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Garage is built and owns certain rights in the Garage pursuant to a ground lease between the Federated Department Stores, Inc.(FDS), as lessor, and the County, as lessee.

The Skating Facility contains approximately 95,000 square feet of constructed space and houses, among other amenities, two ice sheets suitable for National Hockey League use, one of which is convertible to host sports and events that do not require the ice surface; locker rooms and other training facilities for the Capitals; changing rooms for youth and adult hockey teams and figure skaters; a pro shop; rooms for public use; and corporate office space for the Capitals. The development also includes public parking (the "Parking Facilities").

As part of the agreement, the County agreed to construct an eighth level slab (the "Eighth Level Slab") on top of the Garage, to lease the Eighth Level Slab to the Industrial Development Authority of Arlington County, Virginia (the "IDA"), and to acquire the rights necessary to assist the development and construction of the project on the Garage pursuant to a Skating Facility Agreement (the "Skating Facility Agreement"), among the County, FDS, and certain other parties. The County has also constructed public parking (the "Parking Facilities") on the Eighth Level Slab.

The IDA agreed to acquire the rights necessary to undertake development and construction of the Skating Facility pursuant to the Deed of Lease and Grant of Air Rights, and, as third party beneficiary, under the Skating Facility Agreement. The County is currently leasing the Eighth Level Slab to the IDA and the IDA is leasing back to the County a portion of the Eighth Level Slab on which the County is operating the Parking Facilities.

In 2005, the IDA negotiated with the Capitals a Development Agreement under which the IDA developed and constructed the Skating Facility. The IDA issued \$35,700,000 Series 2005 IDA Skating Facility Taxable Revenue Bonds (the "Bonds") to provide financing for the Skating Facility and, if necessary, the Parking Facilities.

On April 22, 2010 the IDA issued \$30,120,000 Series 2010 IDA Taxable Revenue Refunding Bonds ("Refunding Bonds") with an average interest rate of 5.37% to refund \$35,200,000 of outstanding Bonds. The net proceeds of \$29,781,467 (after payment of \$338,533 in underwriting fees, insurance, and other issuance costs) plus an additional \$5,418,533 debt service reserve fund and debt service fund monies were used as payment on the Bonds. The 2005 Bonds were issued as a floating rate obligation, with interest payable monthly based off of a spread to the London Interbank Offered Rate (LIBOR). The Bonds were redeemed in full at par on May 3, 2010 without penalty and there would not be any Net Present Value (NPV) savings given that the Bonds were floating rate obligation callable at any time.

A Cooperation Agreement between the County and the IDA states that, subject to appropriation of funds by the County Board, the County will deliver to the IDA sufficient funds so that the IDA can, among other things, make payments with respect to the Bonds and otherwise carry out its obligations under the Development Agreement if necessary. To further secure its obligations to make payments with respect to the Bonds, the IDA will, if required, grant a lien on and security interest in all of its right, title and interest in the Project, including its leasehold interest in the Eighth Level Slab, under a Leasehold Deed of Trust and Security Agreement between the IDA and certain individual trustees for the benefit of the trustee for the Bonds.

The IDA owns the Skating Facility and is currently leasing it to the Capitals, or an affiliate, pursuant to a Deed of Lease (the "Capitals Lease"), between the IDA and the Capitals, under which the Capitals have furnished, equip and operate the Skating Facility. Under the Capitals Lease, the Capitals will make payments of rent that are equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY 2015, \$2.4 million was received from the Capitals.

Construction on the project started in April of 2005 and the ice rinks opened to the public and the Capitals on November 10, 2006.

F. Industrial Development Authority Affordable Housing Project

AHC Limited Partnership-10 ("AHC-10") and AHC Limited Partnership-11 ("AHC-11") (collectively the "Gates Partnership") Debt (Series 2006) was issued by the Industrial Authority of Arlington County, Virginia and the proceeds loaned to the Gates Partnership in order to acquire, rehabilitate, and equip a 464-unit multifamily apartment complex for rental to individuals and families of low-income known as the Gates of Ballston (the Project). The debt is projected to be repaid from the revenues generated by the Project. AHC-10 owns the Project, is the borrower on the debt, and leases the Project to AHC-11 under a master lease

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agreement; AHC-11 rents the Project units to subtenants, pays all operating expenses, and is responsible for making monthly lease payments to AHC-10. The Gates Partnership also has a mortgage note with the Virginia Housing Development Authority and a promissory note with the County. Subject to appropriation, the County will only be responsible for reimbursement of the debt service payments to the extent that the debt service reserve of the Gates Partnership is insufficient to make the required debt service payments.

G. Closure Care Costs – Department of Human Services (DHS) Laboratory

State and federal laws and regulations require the County to pay for the closure and processing/removal of any medical waste on site at the DHS laboratory when it stops accepting waste to be processed by the steam sterilizer at the laboratory. Although closure costs will be paid only near or after the date that the laboratory is closed, the County reports a portion of the closure costs as an operating expense in each period based on a formula provided by the Virginia Department of Environmental Quality. The County has chosen the use of the annual operating budget as the method for funding the closure cost. Because the County satisfies the requirements of section 9VAC20-70-210 of the Virginia General Assembly legislative Information System administrative code, the reported liability for the closure at June 30, 2015 is \$1.

H. Litigation

The County is a defendant in lawsuits concerning various matters; in the opinion of the County Attorney, the resulting liability from these lawsuits is not expected to be material.

NOTE 14. Joint Ventures

A. Northern Virginia Criminal Justice Academy

The County participates in a joint venture with Loudoun County and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued \$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The County, the City of Alexandria, and Loudoun County have entered into a capital lease with the Industrial Development Authority of Loudoun County. The County maintains an equity interest only in the land and building of the Academy, which is reflected in the County's General Capital Leases. The County does not maintain an equity interest in the Academy's operations.

In 2006, the County Board approved a resolution which committed the County to enter into an Agreement with the Academy. The Counties of Arlington, Loudoun and Prince William and the City of Alexandria (Principal Members) agreed to facilitate the financing of the acquisition and construction of an Emergency Vehicle Operating Center ("EVOCC") on property to be owned by the Academy; refinance existing indebtedness (\$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993) issued by the Industrial Development Authority of Loudoun County; establish a debt service reserve fund, if needed and finance costs of issuance related to the transaction. The financing of the EVOCC was accomplished by the issuance of lease revenue bonds (the "Academy Bonds") by the Loudoun IDA in the aggregate principal amount of \$18,650,000.

The Academy Bonds are payable solely from the revenues derived by the Loudoun IDA from a financing lease between the Authority and the Principal members. The Loudoun IDA leases the EVOCC to the Principal Members who have agreed to make rental payment, subject to annual appropriations sufficient to pay the principal and interest on the Academy Bonds, maintain certain reserve requirements and pay other costs, if any associated with the EVOCC. In 2011, \$4M of the outstanding bonds was advance refunded.

The Academy Bonds do not constitute a debt or a pledge of the credit or taxing powers of Arlington County and the Loudoun IDA is not obligated to make any payments on the Academy Bonds except from payments made on behalf of the County and other Principal Members under the financing lease.

In addition, the County pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained as well as capital costs in the form of debt service payments associated with the bond financing of the construction

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of the Emergency Vehicle Operations Center (EVOC). In FY 2015, the County paid \$686,338 in combined capital and operating costs. Financial statements for the Academy may be obtained from the Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia, 22011-2600.

B. Peumansend Creek Regional Jail Authority

In 1992, the County entered into an agreement with the Counties of Caroline, Prince William and Loudoun, and the Cities of Alexandria and Richmond to form an Authority to construct and operate a regional jail in Caroline County. The regional jail is used primarily to hold prisoners from each member jurisdiction. The Authority is composed of two representatives, the Chief Administrative Officer and the Sheriff, from each participating jurisdiction. The City of Richmond, which was not party to the original agreement, is now a part of the project.

The regional jail is currently designed with the capacity for 336 prisoners. The County is guaranteed a minimum of 60 beds. The Authority issued \$10.22 million in revenue bonds and \$12 million in grant anticipation notes in March 1997. The County has no equity in the jail and is not responsible for repayment of the bonds or notes. The County's portion of the project costs includes approximately \$3.8 million over the 20-year period of debt (1997-2017). In FY 2015, the County paid \$ 757,301 in combined capital and operating costs. Financial statements may be obtained from the Peumansend Creek Regional Jail Authority, P. O. Box 1460, Bowling Green, Virginia, 22427.

NOTE 15. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, excluding School Board employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the plan participants and their beneficiaries. Participants' rights under the plan are in an amount equal to the fair market value of the deferred account for each participant. Investments in the plan are valued at market. All defined contribution plan assets are invested as directed by the individual employee and the plan is administered by Voya.

NOTE 16. Employee Retirement Systems

The County maintains a single-employer, defined benefit pension plan, the Arlington County Employees' Retirement System ("System"), which covers substantially all employees of the County Board. The County also participates in two Virginia Retirement System ("VRS") plans that covers most School Board employees and some County employees associated with state agencies. The two VRS plans are a cost-sharing employer plan – VRS Teacher Retirement Plan and an agent Political Subdivision Arlington Public Schools plan. The System was established under Chapters 46, 35, and 21 of the Arlington County Code.

Complete financial statements of the system may be obtained from the Arlington County Employee Retirement System, 2100 Clarendon Boulevard, Suite 511, Arlington, Virginia, 22201. Complete financial statements of the VRS plans may be obtained from the Virginia Retirement System, Attn: William Sullivan, P. O. Box 2500, Richmond, Virginia, 23218.

A. Arlington County Employees' Retirement System

Plan Description

The Arlington County Employees' Retirement System (the System) is a pension trust fund of the Arlington County, Virginia (the County) financial reporting entity and is included in the County's comprehensive annual financial report. The accompanying financial statements present information on the operations of the System in conformity with generally accepted accounting principles.

The System is a single employer public employee defined benefit pension plan covering substantially all employees of the County.

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Plan Administration

On November 16, 2004, amendments to Arlington County Chapters 21, 35 and 46 were made to transfer the System's administrative responsibilities to the County Manager while leaving investment responsibility with the Board of Trustees (the Retirement Board).

The Retirement Board consists of seven voting and three substitute trustees as follows:

- Three appointed by the County Board
- One appointed by the County Manager
- One trustee and one substitute trustee elected by general employees
- One trustee and one substitute trustee elected by police officers, firefighters, and deputy sheriffs (uniform)
- One trustee and one substitute trustee elected by retired employees

If no eligible person is nominated for an elected position, the County Manager appoints an eligible person to serve as trustee.

In December 2007, the Arlington County Code was modified to require that the trustees elected by active employees be active employees and that the trustees elected by retired employees currently be receiving retirement benefits from the System.

The trustees annually elect a President, Vice-President and Secretary from among their members, and appoint a Treasurer and Assistant Treasurer, who may or may not be a member of the Retirement Board.

The trustees annually approve a Retirement Board Investment Office administrative budget. Administrative expenses are funded from System assets.

Plan Membership

At June 30, 2015, System membership consisted of the following:

	<u>General</u>	<u>Uniformed</u>	<u>School</u>	<u>Total</u>
Active Employees:				
Vested	1,594	634	141	2,369
Non-vested	<u>973</u>	<u>191</u>	-	<u>1,164</u>
Total Active Employees	2,567	825	141	3,533
Vested Deferred	383	65	100	548
Retirees and Beneficiaries	1,845	798	1,300	3,943

Benefits Provided

The System provides retirement benefits as well as survivor and disability benefits. The table on the following page describes the benefits and how they are calculated.

All plan members are eligible for disability benefits after two years of service and qualify for Social Security disability retirement. Disability retirement benefits are determined in the same manner as retirement benefits with no reduction for early retirement.

All normal retirement benefits vest after five years of credited service. If an employee leaves covered employment before five years of credited service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary. A summary of member contribution rates, normal service retirement and average final compensation for the employees covered under the various Chapters of the Arlington County Code for the period ending June 30, 2015 is provided in the next section below.

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Benefit terms provide for annual cost of living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are 100% of the CPI-U increase up to a maximum of 3% plus one half of the CPI-U increase for the next 9%. This equates to a maximum of 7.5% increase for a 12% increase in the CPI-U.

The System also provides a DROP (Deferred Retirement Option Plan) for employees eligible for retirement. Retirement benefits are paid into an employee directed 401a program for DROP participants.

Member Contributions and Retirement Benefits

Participants Covered Under Arlington County Code Chapter

	<u>21</u>	<u>35</u>	<u>46</u>
	Before 2/8/81	Before 2/8/81	2/8/81 or After
Covers Employees Hired:			
Contribution Rates:			
<i>General Employees</i>	4%	N/A	4%
<i>School Board Employees</i> <i>(Covered by VRS)</i>	0%	0%	0%
<i>Uniformed Employees:</i>			
- Management	5.62%	N/A	5% through 1/3/09,
- Non-Management	6.62%	N/A	5% through 1/3/09,
Normal Retirement Age:			
<i>General County Employees</i>	60	N/A	62
<i>School Board Employees</i>	60	62	62
<i>Uniformed Employees</i>	50	N/A	52
"Rule of 80" Applies	Yes	No	Yes
Retirement Benefit:			
Percentage of Average Final Salary (AFS) times years of creditable service subject to a 30 year maximum. AFS is generally the average of the three highest compensation years, including overtime. For Chapter 46 employees retiring on or after 1/4/09, the New AFS definition excludes overtime and most premium pays.	2.5% for each of the first 20 years plus 2% for each of the next 10 years	2.125% reduced by the VRS benefits under Formula A	Retiring on/prior to 1/3/09 General: 1.5% Uniform: 2.0% until Social Security Eligible then 1.5%, 1.7% & 2.0% for each 10 year increment Retiring on/after 1/4/09 General: 1.7% New AFS OR 1.5% Prior AFS through 1/3/09 plus 1.7% New AFS thereafter Uniform: 2.5% through 1/3/09 plus 2.7% thereafter on New AFS OR 2.0% Prior AFS through 1/3/09 plus 2.7% New AFS thereafter until Social Security Eligible then 1.5%, 1.7% & 2.0% for each 10 year increment prior to 1/3/09
Employee contribution refund upon leaving County	Contributions plus interest	N/A	Contributions plus interest

ARLINGTON COUNTY, VIRGINIA

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Contributions

Chapters 21, 35 and 46 of the Arlington County Code establish the Plan and provide the basis for determining the contribution rates. The County Board may amend the Plan at any time.

Based on an annual actuarial valuation prepared by an actuary selected by the Retirement Board of Trustees, a contribution rate is recommended to the County Board for adoption. The actuarially determined rate results in contributions to the Plan which, along with member contributions, are anticipated to be sufficient to fund the value of benefits expected to be earned by plan members during the year, plus an amount to amortize any unfunded actuarial liability.

For the year ended June 30, 2015, the active member contribution rate was 4% of pay for general employees and 7.5% of pay for uniformed employees. The County's blended contribution rate was 23.9% of annual covered payroll.

Net Pension Liability/ (Asset)

The County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions:

Investment rate of return	7.25%
Assumed inflation rate	3.75%
Projected salary increases	3.75%

Mortality rates were based on the RP 2000 Employee Mortality projected with scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions will be made at rates determined by the Retirement Board, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was decreased from 7.5% as of June 30, 2014.

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Changes in the Net Pension Liability (Asset)

	Increase (Decrease) (\$ in millions)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/2013	\$1,772.3	\$1,696.8	\$75.5
Changes for the year:			
Service cost	52.1	-	52.1
Interest	131.6	-	131.6
Changes in assumptions	29.4	-	29.4
Differences between expected and actual experience	(11.0)	-	(11.0)
Contributions - employer	-	53.7	(53.7)
Contributions - employee	-	11.9	(11.9)
Net investment income	-	304.2	(304.2)
Benefit payments, including refunds of employee contributions	(86.3)	(86.3)	0.0
Administrative expense	-	(0.7)	0.7
Net changes	115.8	282.8	(167.0)
Balances at 6/30/2014	\$1,888.1	\$1,979.6	(\$91.5)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension asset of the County, calculated using the discount rate of 7.25%, as well as what the County's net position liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	(\$ in millions)		
	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability/ (asset)	\$166.6	(\$91.5)	(\$303.8)

The System's Fiduciary Net Position

Detailed information about the System's fiduciary net position is available in a separately issued Arlington County Employees' Retirement System financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of \$46.0 million. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$-	\$11,000,000
Changes of assumptions	29,400,000	-
Net difference between projected and actual earning on the System's investments	-	177,700,000
Total	<u>\$29,400,000</u>	<u>\$188,700,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30 (\$ in millions):

2016	\$30.9
2017	30.9
2018	30.9
2019	35.5
Thereafter	-

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Schedule of Changes in the Political Subdivision's Net Pension Liability (Asset) and Related Ratios
(\$ in millions)

	<u>2015</u>
Total pension liability	
Service cost	\$52.1
Interest	131.6
Changes of benefit terms	0.0
Differences between expected and actual experience	(11.0)
Changes of assumptions	29.4
Benefit payments, including refunds of employee contributions	<u>(86.3)</u>
Net change in total pension liability	115.8
Total pension liability -- beginning	<u>1,772.3</u>
Total pension liability -- ending	<u><u>\$1,888.1</u></u>
Plan fiduciary net position	
Contributions - employer	\$53.7
Contributions - employee	11.9
Net investment income	304.2
Benefit payments, including refunds of employee contributions	(86.3)
Administrative expense	(0.7)
Other	<u>0.0</u>
Net change in plan fiduciary net position	282.8
Plan fiduciary net position - beginning	<u>1,696.8</u>
Plan fiduciary net position - ending	<u><u>\$1,979.6</u></u>
County's net pension liability (asset) - ending	<u><u>(\$91.5)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	104.85%
Covered- employee payroll	\$252.4
County's net position liability as a percentage of covered-employee payroll	-36.3%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Last 10 Fiscal Years
(\$ in millions)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	58.2	\$53.7	\$48.0	\$46.3	\$43.2	\$42.0	\$37.1	\$28.4	\$24.5	\$16.3
County contributions in relation to the actuarially determined contributions	58.2	53.7	48.0	46.3	43.2	42.0	37.1	28.4	24.5	16.3
Contribution deficiency/ (excess)	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Contributions as a percentage of covered-employee payroll	23.9%	22.6%	20.6%	20.7%	20.5%	19.9%	13.8%	12.6%	10.5%	8.5%

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Notes to Schedule

Valuation date timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the System year.

Methods and assumptions used to determine contribution rates:

The Board approved assumption changes in November 2014 to start with the June 30, 2015 valuation.

Actuarial cost method	Entry age normal cost method
Asset valuation method	Five year, smoothed
Amortization method	Level percent open
Discount rate	7.50%
Amortization growth rate	4.00%
Inflation	4.00%
Salary increases	4% plus merit/seniority component which vary by year of service and are compounded annually

Mortality

General and Uniformed

RP-2000 Employee Mortality projected to 2010 by Scale AA for active employees; RP-2000 Healthy annuitant Mortality projected to 2010 by Scale AA healthy retirees and beneficiaries; RP-2000 Disabled Mortality projected to 2010 by Scale AA for disabled lives.

School

RP-2000 Employee Mortality with White Collar adjustment projected to 2010 by Scale AA for active employees; RP-2000 Healthy Annuitant Mortality with White Collar adjustment projected to 2015 by Scale AA healthy retirees and beneficiaries; RP-2000 Disabled Mortality projected to 2010 by Scale AA for disabled lives.

B. Virginia Retirement System (VRS) Teacher Retirement Plan

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contribution to the pension plan from the school division were \$37,194,000 and \$29,127,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the school division reported a liability of \$412,350,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 3.41% as compared to 3.39% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$33,037,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$-	\$-
Changes in assumptions		
Net difference between projected and actual earnings on pension plan investments	-	61,197,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,904,000	-
Employer contributions subsequent to the measurement date	<u>37,194,000</u>	<u>-</u>
Total	<u>\$39,098,000</u>	<u>\$61,197,000</u>

\$37,194,000 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, (\$ in thousands):

2016	\$14,879
2017	14,879
2018	14,879

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation:	2.5 percent
Salary increases, including Inflation:	3.5 percent – 5.95%
Investment rate of return:	7.0 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate(7.00%)	1.00% Increase (8.00%)
School division's proportionate share of their VRS Teacher Employee Retirement Plan Net Pension Liability	\$605,496,000	\$412,350,000	\$253,329,000

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Year Ended June 30, 2015 ***

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	3.41217%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$412,350,000
Employer's Covered-Employee Payroll	\$264,893,277
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	155.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Date	(1)	(2)	(3)	(4)	(5)
2015	\$38,409,525	\$37,194,010	\$1,215,515	\$264,893,277	14.04%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component went into effect in FY 2014. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013. Because of this was a new benefit and the number of participants was small, the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four- year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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C. Virginia Retirement System (VRS) Political Subdivision Plan

Plan Description

All full-time, salaried permanent employees of the Political Subdivision are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries curently receiving benefits	62
Inactive Member:	
Vested inactive members	43
Non-vested inactive members	211
Inactive members active elsewhere in VRS	-
VRS Total inactive members	<u>316</u>
Active Members	<u>540</u>
Total Covered employees	<u><u>856</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The political subdivision’s contractually required contribution rate for the year ended June 30, 2015 was 6.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the political subdivision were \$1,709,102 and \$1,725,606 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The political subdivisions net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision’s Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation:	2.5 percent
Salary increases, including Inflation:	3.5 percent – 5.95%
Investment rate of return:	7.0 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14 % of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
	* Expected arithmetic nominal return		<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2013	\$31,887,034	\$26,860,182	\$5,026,852
Changes for the year:			
Service Cost	1,830,932		1,830,932
Interest	2,209,579		2,209,579
Differences between expected and actual experience	-	-	-
Contributions - employer		1,725,606	(1,725,606)
Contributions - employee		1,003,574	(1,003,574)
Net investment income		4,406,370	(4,406,370)
Benefit payments, including refunds of employee contributions	(643,241)	(643,241)	-
Administrative expenses		(21,639)	21,639
Other changes		232	(232)
Net changes	<u>3,397,270</u>	<u>6,470,902</u>	<u>(3,073,632)</u>
Balance at June 30, 2014	<u>\$35,284,304</u>	<u>\$33,331,084</u>	<u>\$1,953,220</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the political subdivision using the discount rate of 7.00%, as well as what the political subdivision's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
School division's proportionate share of their VRS Teacher Employee Retirement Plan Net Pension Liability	\$7,448,000	\$1,953,220	(\$2,550,000)

For the year ended June 30, 2015, the political subdivision recognized pension expense of \$614,974. At June 30, 2015, the political subdivision reported deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$1,709,102	\$-
Net difference between projected and actual earnings on pension plan investments	-	1,963,000
Total	<u>\$1,709,102</u>	<u>\$1,963,000</u>

\$1,709,102 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$392,600
2017	392,600
2018	392,600

Schedule of Changes in Political Subdivision's Net Pension Liability and Related Ratios
(\$ in millions)

	<u>2015</u>
Total pension liability	
Service cost	\$1.8
Interest	2.2
Changes of benefit terms	0.0
Differences between expected and actual experience	0.0
Changes of assumptions	0.0
Benefit payments, including refunds of employee contributions	(0.6)
Net change in total pension liability	<u>3.4</u>
Total pension liability -- beginning	31.9
Total pension liability -- ending	<u><u>\$35.3</u></u>
Plan fiduciary net position	
Contributions - employer	\$1.7
Contributions - employee	1.0
Net investment income	4.4
Benefit payments, including refunds of employee contributions	(0.7)
Administrative expense	0.0
Other	0.0
Net change in plan fiduciary net position	<u>6.4</u>
Plan fiduciary net position - beginning	<u>26.9</u>
Plan fiduciary net position - ending	<u><u>\$33.3</u></u>
Net pension liability - ending	<u><u>\$2.0</u></u>
Plan fiduciary net position as a percentage of the total pension liability	94.33%
Covered- employee payroll	\$18.9
Net pension liability as a percentage of covered-employee payroll	10.58%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

**Schedule of Employer Contributions
For the Year Ended June 30, 2015**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
(1)	(2)	(3)	(4)	(5)	
2015	\$1,302,210	\$1,709,102	(\$423,396)	\$18,922,234	9.12%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component went into effect in FY 2014. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013. Because of this was a new benefit and the number of participants was small, the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four- year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

NOTE 17. Other Post-Employment Benefits (OPEB)

A. County OPEB

Plan Description

In addition to the pension benefits described in Note 16, the County administers a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members are established and may be amended by the County Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the County intends to fund the annual required contribution (ARC) in future years. For full career employees, the County currently contributes between 16% and 80% towards the cost of medical and dental health premiums and 100% of premiums for a fixed coverage for life and accidental death insurance. For FY 2015 the County contributed \$11,450,564 and \$530,288 towards health and life plans respectively. Plan members receiving benefits contributed \$3,545,495 and \$343,075 towards health and life plans respectively. The County contributed an additional \$7,500,000 in pre-funding contributions towards health and life plans for retirees.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the ARC of the employer, by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components to the plan, and changes in the County's net OPEB obligations:

Annual required contribution	\$18,935,237
Interest on net OPEB obligation	(26,437)
Adjustment to annual required contribution	19,994
Annual OPEB cost (expense)	<u>18,928,794</u>
Contributions made	<u>19,480,852</u>
Increase in net OPEB assets	(552,058)
Net OPEB assets - beginning of year	<u>(352,496)</u>
Net OPEB assets - end of year	<u><u>(\$904,554)</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributions to the plan, and the net OPEB obligations for the years ended June 30, 2015, 2014 and 2013 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
06/30/2013	\$20,024,328	99.3%	\$704,276
06/30/2014	\$19,885,274	105.3%	(\$352,496)
06/30/2015	\$18,928,794	102.9%	(\$904,554)

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$255.7 million and the actuarial value of assets was \$75.2 million, resulting in an unfunded actuarial accrued liability of \$180.4 million.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included salary increases of 4.5 percent for general salary inflation as well as additional increases for merit and seniority:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

<u>Service</u>	<u>General</u>	<u>Uniform</u>
0	4.15%	6.50%
5	3.65%	5.12%
10	3.15%	4.07%
15	2.75%	3.18%
20	2.45%	2.80%
25+	2.00%	2.80%

The annual healthcare cost trend rate is 8.0 percent, grading to 5.0 percent by 2025. The annual dental trend rate is assumed to be a constant 5.0 percent in the future. Retiree contributions are assumed to increase with health care trend rates.

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed group over thirty years. The remaining amortization period as of June 30, 2015 is twenty-eight years.

Three years of information about the plan is presented below as required supplementary information. This information is intended to help users assess whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
07/01/2012	\$43.45	\$268.29	\$224.84	16.2%	\$257.54	87.3%
07/01/2013	\$58.15	\$263.87	\$205.72	22.0%	N/A	N/A
07/01/2014	\$75.21	\$255.66	\$180.45	29.4%	N/A	N/A

B. Schools OPEB

Plan Description

In addition to the pension benefits described in Note 16, the Schools administer a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Schools' pension plans. The plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members are established and may be amended by the School Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the School Board intends to fund the annual required contribution (ARC) in future years. For full career employees, the Schools currently contributes between 10% and 77%, based on coverage selected, towards the cost of medical premiums. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System. For FY 2015 the Schools' contributed \$4,845,691 and an additional \$3,155,017 in pre-funding contributions towards health plans for retirees. Plan members receiving benefits contributed \$1,356,983 towards health plans.

Annual OPEB Cost and Net OPEB Obligation

The Schools' annual OPEB cost (expense) is calculated based on the ARC of the employer, by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components to the plan, and changes in the School's net OPEB obligations:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Annual required contribution	\$7,516,603
Interest on net OPEB obligation	1,097,017
Adjustment to annual required contribution	<u>(836,981)</u>
Annual OPEB cost (expense)	7,776,639
Contributions made	<u>(8,000,708)</u>
Decrease in net OPEB obligation	(224,069)
Net OPEB liability-beginning of year	<u>14,626,895</u>
Net OPEB liability- end of year	<u><u>\$14,402,826</u></u>

The Schools' annual OPEB cost, the percentage of annual OPEB cost contributions to the plan, and the net OPEB obligations for the fiscal years ended June 30, 2015, 2014 and 2013 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/ (Asset)</u>
06/30/2013	\$8,439,680	110.8%	\$14,645,888
06/30/2014	\$7,891,736	100.2%	\$14,626,895
06/30/2015	\$7,776,639	102.9%	\$14,402,826

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$111.6 million, of which \$34.5 million was funded. The covered payroll (annual payroll of active employees covered by the plan) was \$211.9 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 36.3 percent. The Schools contributed an additional \$3.2 million into the Retiree Welfare Benefit Trust during FY 2015.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2014/2015 actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included an 7.5 percent investment return, salary increases of 3.75 percent, and an annual healthcare cost trend rate of 8.25 percent initially, grading to 5.0 percent over fifteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period as of June 30, 2015 is thirty years.

Three years of information about the plan is presented below as required supplementary information. This information is intended to help users assess whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
07/01/2012	\$20.00	\$104.25	\$84.27	19.20%	\$267.19	31.50%
07/01/2013	\$26.59	\$107.78	\$81.19	24.70%	\$204.26	39.80%
07/01/2014	\$34.55	\$111.57	\$77.02	31.00%	\$211.92	36.30%



OTHER SUPPLEMENTARY INFORMATION

The supplemental schedules are presented to reflect finance-related legal and contractual compliance, details of data summarized in the preceding financial statements and other information deemed useful for financial statements users in the analysis of the County's financial activities.



Combined Financial Statements - Overview

The combined financial statements provide a summary level of reporting for the operating results and financial position of the County's various fund types.

These "general purpose financial statements" provide a broad financial overview for users requiring less detailed information than is presented in the individual statements for each separate fund.

ARLINGTON COUNTY, VIRGINIA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

ASSETS	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS											Total Non-Major Governmental Funds	ASSETS
	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslvn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	Columbia Pike TIF	IDA Bond Fund		
Equity in pooled cash and investments	\$141,051	\$829,803	\$1,911,096	\$1,312,189	\$2,712,218	\$-	\$19,182,278	\$9,060,737	\$30,511,929	\$21,935,057	\$30,088,735	\$4,625	\$44	\$145,753,641	\$9,490,356	\$209,168	\$-	\$273,142,927	
Receivables, net	-	-	-	-	20,812,115	-	-	-	-	67,306	-	-	-	2,225,401	-	-	-	23,104,822	
Receivables from other governments	-	-	-	-	358,920	76,509	-	-	-	-	-	-	-	2,535,776	50,225	-	-	\$3,021,430	
Prepaid	-	-	-	-	-	1,265,793	-	4,275	-	-	-	-	-	-	-	-	-	1,270,068	
Total assets	\$141,051	\$829,803	\$1,911,096	\$1,312,189	\$23,883,253	\$1,342,302	\$19,182,278	\$9,065,012	\$30,511,929	\$22,002,363	\$30,088,735	\$4,625	\$44	\$150,514,818	\$9,540,581	\$209,168	\$-	\$300,539,247	
LIABILITIES AND DEFERRED INFLOWS																			
LIABILITIES																			
Accounts Payable	\$141,051	\$-	\$-	\$-	\$185,887	\$884,690	\$2,428,232	\$30,025	\$444,693	\$652,601	\$65,720	\$-	\$-	\$3,362,405	\$274,706	\$-	\$90,872	\$8,560,882	
Other liabilities	-	-	-	-	10,445,602	-	-	3,200	-	-	102,605	-	-	1,277,756	-	-	-	11,829,163	
Total liabilities	141,051	-	-	-	10,631,489	884,690	2,428,232	33,225	444,693	652,601	168,325	-	-	4,640,161	274,706	-	90,872	20,390,045	
Deferred Inflows	-	782,450	1,802,885	1,289,282	13,251,764	457,612	-	-	-	-	-	-	-	-	-	-	-	17,583,993	
Total Liabilities and Deferred Inflows	141,051	782,450	1,802,885	1,289,282	23,883,253	1,342,302	2,428,232	33,225	444,693	652,601	168,325	-	-	4,640,161	274,706	-	90,872	37,974,038	
FUND BALANCES																			
Nonspendable	-	-	-	-	-	1,265,793	-	4,275	-	-	-	-	-	-	-	-	-	1,270,068	
Restricted	-	47,353	108,211	22,907	-	-	-	-	-	-	-	-	-	27,117,029	-	-	-	27,295,500	
Unrestricted	-	-	-	-	-	(1,265,793)	-	-	-	-	-	-	-	-	-	-	(90,872)	(1,356,665)	
Committed	-	-	-	-	-	-	16,754,046	9,027,512	30,067,236	21,349,762	29,920,410	4,625	44	118,757,628	9,265,875	209,168	-	235,356,306	
Total fund balances	-	47,353	108,211	22,907	-	-	16,754,046	9,031,787	30,067,236	21,349,762	29,920,410	4,625	44	145,874,657	9,265,875	209,168	(90,872)	262,565,209	
Total liabilities and fund balances	\$141,051	\$829,803	\$1,911,096	\$1,312,189	\$23,883,253	\$1,342,302	\$19,182,278	\$9,065,012	\$30,511,929	\$22,002,363	\$30,088,735	\$4,625	\$44	\$150,514,818	\$9,540,581	\$209,168	\$-	\$300,539,247	

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS											REVENUES:		
	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond Fund	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	Columbia Pike TIF	IDA Bond Fund		Total Non-Major Governmental Funds	
REVENUES:																			
Other local taxes	\$1,540,629	\$3,581,809	\$2,550,186	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$134,824	\$-	\$-	\$7,807,448	Other local taxes	
Real estate taxes	-	-	-	-	-	-	-	8,631,383	-	-	-	-	24,533,145	3,332,465	209,168	-	-	36,706,161	Real estate taxes
Intergovernmental	-	-	-	1,185,786	15,186,369	-	-	195,086	-	-	-	-	25,677,550	-	-	-	-	42,244,791	Intergovernmental
Interest income	296	1,382	624	-	-	23,441	14,926	28,527	-	41,176	-	-	19,049	-	1,319	-	130,740	Interest income	
Miscellaneous revenue	-	-	-	-	-	-	-	6,550	-	-	-	-	1,149,248	-	-	-	1,155,798	Miscellaneous revenue	
Total revenues	1,540,925	3,583,191	2,550,810	1,185,786	15,186,369	23,441	14,926	28,527	8,833,019	41,176	-	-	51,378,992	3,467,289	209,168	1,319	88,044,938	Total revenues	
EXPENDITURES:																			
Planning and community development	1,524,695	3,618,118	2,534,958	1,185,786	17,219,017	-	-	-	-	-	-	-	-	-	-	-	26,082,574	Planning and community development	
Intergovernmental:																			
Community development	-	-	-	-	-	-	-	-	7,134,630	-	-	-	11,234,473	333,089	-	-	18,702,192	Community development	
Debt Service																			
Principal	-	-	-	-	-	-	-	-	-	-	-	-	328,074	-	-	-	328,074	Principal	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	345,544	-	-	-	345,544	Interest	
Capital outlay	-	-	-	-	-	7,736,662	4,676,344	7,214,813	422,792	2,753,555	-	-	22,986,072	697,019	-	226,556	46,713,813	Capital outlay	
Total expenditures	1,524,695	3,618,118	2,534,958	1,185,786	17,219,017	7,736,662	4,676,344	7,214,813	7,557,422	2,753,555	-	-	34,894,163	1,030,108	-	226,556	92,172,197	Total expenditures	
Revenues over (under) expenditures	16,230	(34,927)	15,852	-	(2,032,648)	(7,713,221)	(4,661,418)	(7,186,286)	1,275,597	(2,712,379)	-	-	16,484,829	2,437,181	209,168	(225,237)	(4,127,259)	Revenues over (under) expenditures	
OTHER FINANCING SOURCES(USES):																			
Proceeds from sale of bonds	-	-	-	-	-	9,370,000	3,000,000	18,365,000	-	5,705,000	-	-	8,000,000	-	-	-	44,440,000	Proceeds from sale of bonds	
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Payments to refunded bond escrow agent	
Proceeds from sale of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Proceeds from sale of refunding bonds	
Deferred cost of refunding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Deferred cost of refunding	
Transfers out	(15,406)	(35,818)	(25,502)	-	-	(23,441)	(14,926)	(28,527)	-	(41,176)	-	-	(19,049)	-	-	(1,319)	(205,164)	Transfers out	
Total Other financing sources (uses)	(15,406)	(35,818)	(25,502)	-	-	9,346,559	2,985,074	18,336,473	-	5,663,824	-	-	7,980,951	-	-	(1,319)	44,234,836	Total Other financing sources (uses)	
Net change in fund balances	824	(70,745)	(9,650)	-	(2,032,648)	1,633,338	(1,676,344)	11,150,187	1,275,597	2,951,445	-	-	24,465,780	2,437,181	209,168	(226,556)	40,107,577	Net change in fund balances	
FUND BALANCE, beginning of year	46,529	178,956	32,557	-	2,032,648	15,120,708	10,708,131	18,917,049	20,074,165	26,968,965	4,625	44	121,408,877	6,828,694	-	135,684	222,457,632	FUND BALANCE, beginning of year	
FUND BALANCE, end of year	\$47,353	\$108,211	\$22,907	\$-	\$-	\$16,754,046	\$9,031,787	\$30,067,236	\$21,349,762	\$29,920,410	\$4,625	\$44	\$145,874,657	\$9,265,875	\$209,168	(\$90,872)	\$262,565,209	FUND BALANCE, end of year	



General Fund

The General Fund is the primary operating fund of the County and is used to account for the majority of current operating expenditures of the general government. Financing is also provided for the operations of other funds, which include the County's public school system. Debt service expenditures for the payments of principal and interest on the County's general long-term debt (bond and other long-term debt not serviced by the Utilities Operating or School Debt Service Funds) are included in this fund.

The major sources of revenue include property taxes, other local taxes, licenses, permits, fees and other miscellaneous charges. Revenues and expenditures under a variety of State and Federal grant programs are also accounted for in this fund.

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	2015	2014
ASSETS		
Equity in pooled cash and investments	\$278,467,444	\$319,574,683
Petty cash	1,650	1,950
Cash with fiscal agents	270,426	272,176
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	370,304,643	358,383,154
Accounts	22,683,366	18,653,465
Accrued interest	792,495	621,032
Due from other governments	5,181,483	5,070,454
Temporary loan to fund	1,925,681	182,600
Due from component unit	129,645	294,029
Other assets	15,900,631	15,197,337
Total Assets	\$695,657,464	\$718,250,880
LIABILITIES AND DEFERRED INFLOWS		
LIABILITIES:		
Accrued payroll liabilities	\$24,373,293	\$21,890,610
Vouchers payable	6,088,630	7,403,093
Current maturities of interest payable	267,304	267,305
Other current liabilities	2,546,340	1,457,638
Unearned revenue	15,505,500	15,309,223
Due to component unit	80,125,408	85,941,674
Total Liabilities	128,906,475	132,269,543
Deferred Inflows	366,490,913	352,927,400
Total Liabilities and Deferred Inflows	495,397,388	485,196,943
FUND BALANCE:		
<u>Restricted for:</u>		
Seized assets	2,459,482	2,522,979
<u>Committed to:</u>		
Self insurance reserve	5,000,000	5,000,000
Subsequent years' County budget	4,529,331	4,860,024
Capital projects	2,833,146	14,831,642
Operating reserve	57,385,360	54,575,340
Economic & revenue stabilization contingent	8,599,377	3,000,000
Incomplete projects	281,390	412,220
Affordable Housing Investment Fund	36,914,040	45,631,924
Subsequent years' School's budget	29,898,607	46,735,944
<u>Assigned to:</u>		
Subsequent years' County budgets	8,904,967	15,593,759
Subsequent years' County capital projects	16,289,709	11,782,428
Operating reserve	612,022	2,810,020
Fresh AIRE program	1,029,381	1,480,249
Incomplete projects	2,562,778	3,772,275
Affordable Housing Investment Fund	22,960,486	20,045,133
Total Fund Balance	200,260,076	233,053,937
Total Liabilities, Deferred Inflows and Fund Balance	\$695,657,464	\$718,250,880

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	2015		VARIANCE POSITIVE (NEGATIVE)	2014 ACTUALS
	BUDGET	ACTUAL		
REVENUES:				
Taxes	\$941,271,377	\$956,794,531	\$15,523,154	\$937,038,604
Licenses and permits	10,484,732	11,231,202	746,470	12,396,844
From the Commonwealth of Virginia	73,381,734	68,398,285	(4,983,449)	67,984,661
From the federal government	17,867,285	16,786,473	(1,080,812)	18,015,289
Charges for services	53,985,637	52,682,001	(1,303,636)	53,136,621
Fines and forfeitures	8,195,748	7,941,007	(254,741)	8,113,863
Use of money and property	5,970,046	7,765,181	1,795,135	6,414,252
Miscellaneous revenues	9,110,299	14,023,060	4,912,761	28,445,244
Total Revenues	1,120,266,858	1,135,621,740	15,354,882	1,131,545,378
EXPENDITURES:				
Current:				
General government	58,246,400	55,727,326	2,519,074	53,607,424
Judicial administration	54,142,143	55,442,490	(1,300,347)	52,096,187
Public safety	134,923,954	128,820,489	6,103,465	124,205,497
Environmental services	86,308,337	85,161,962	1,146,375	80,533,785
Health and welfare	131,948,982	122,965,470	8,983,512	117,358,298
Parks and recreation	38,633,259	35,939,966	2,693,293	34,273,106
Libraries	13,275,309	13,007,081	268,228	12,493,400
Planning and community development	22,904,017	22,202,027	701,990	21,206,309
Non-departmental	132,507,617	73,575,715	58,931,902	76,452,328
Contributions to regional agencies	37,957,547	37,706,701	250,846	36,048,224
Debt service:				
Principal	40,048,752	40,845,031	(796,279)	38,279,170
Interest on serial bonds	20,661,815	18,004,307	2,657,508	17,598,928
Other costs	35,000	30,403	4,597	7,676
Total Expenditures	771,593,132	689,428,968	82,164,164	664,160,332
Revenues over Expenditures	348,673,726	446,192,772	97,519,046	467,385,046
OTHER FINANCING SOURCES(USES):				
Transfers in	3,254,832	1,119,433	(2,135,399)	766,944
Transfers from component unit	-	87,699	87,699	72,867
Transfers out	(30,928,970)	(30,265,942)	663,028	(29,816,042)
Transfers to component unit	(476,468,165)	(453,343,649)	23,124,516	(407,395,877)
Premium on sales of bonds	-	3,415,826	3,415,826	2,442,072
Total Other Financing Sources(Uses)	(504,142,303)	(478,986,633)	25,155,670	(433,930,036)
Revenues Over (Under) Expenditures and Other Sources(Uses)	(155,468,577)	(32,793,861)	122,674,716	33,455,010
FUND BALANCE, beginning of year	233,053,937	233,053,937	-	199,598,927
FUND BALANCE, end of year	\$77,585,360	\$200,260,076	\$122,674,716	\$233,053,937



Special Revenue Funds

Travel and Tourism Promotion – to account for the operations of various programs to promote tourism and business travel in the County.

Rosslyn Business Improvement District – to account for the operations of a service district in the downtown Rosslyn area created to collect and disperse local tax revenue for supplemental services to those already provided by county government.

Ballston Business Improvement District – to account for the operations of a service district in the Ballston area created to collect and disperse local tax revenue for supplemental services to those already provided by county government.

Crystal City Business Improvement District – to account for the operations of a service district in the downtown Crystal City area created to collect and disperse local tax revenue for supplemental services to those already provided by county government.

Community Development Grants – to account for the operations of various community development programs which are financed by block grant and other grant assistance by the U.S. Department of Housing and Urban Development.

Section 8 Housing Program – to account for the operations of various housing programs which are financed by grant assistance from the U.S. Department of Housing and Urban Development.

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	Totals	
							June 30, 2015	June 30, 2014
ASSETS								
Equity in pooled cash and investments	\$141,051	\$829,803	\$1,911,096	\$1,312,189	\$2,712,218	\$-	\$6,906,357	\$6,455,720
Receivable from other government	-	-	-	-	358,920	76,509	435,429	500,060
Long-term receivables	-	-	-	-	20,812,115	-	20,812,115	20,322,069
Prepaid expenses	-	-	-	-	-	1,265,793	1,265,793	1,288,591
Total Assets	\$141,051	\$829,803	\$1,911,096	\$1,312,189	\$23,883,253	\$1,342,302	\$29,419,694	\$28,566,440
LIABILITIES AND DEFERRED INFLOWS								
LIABILITIES								
Vouchers payable	\$141,051	\$-	\$-	\$-	\$185,887	\$87,185	\$414,123	\$456,082
Temporary Loan - G. Fund	-	-	-	-	-	797,505	\$797,505	-
Long-term liabilities	-	-	-	-	10,445,602	-	10,445,602	11,866,444
Total Liabilities	141,051	-	-	-	10,631,489	884,690	11,657,230	12,322,526
Deferred Inflows	-	782,450	1,802,885	1,289,282	13,251,764	457,612	17,583,993	13,953,224
Total Liabilities and Deferred Inflows	141,051	782,450	1,802,885	1,289,282	23,883,253	1,342,302	29,241,223	26,275,750
FUND BALANCES								
- Nonspendable	-	-	-	-	-	1,265,793	1,265,793	1,288,591
- Restricted	-	47,353	108,211	22,907	-	-	178,471	1,002,099
- Unrestricted	-	-	-	-	-	(\$1,265,793)	(1,265,793)	-
Total Fund Balances	-	47,353	108,211	22,907	-	-	178,471	2,290,690
Total Liabilities and Fund Balances	\$141,051	\$829,803	\$1,911,096	\$1,312,189	\$23,883,253	\$1,342,302	\$29,419,694	\$28,566,440

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	Totals	
						June 30, 2015	June 30, 2014
REVENUES:							
Other local taxes	\$1,540,629	\$3,581,809	\$2,550,186	\$-	\$-	\$7,672,624	\$7,540,025
From the federal government	-	-	-	1,185,786	15,186,369	16,372,155	19,933,787
Total revenues	1,540,629	3,581,809	2,550,186	1,185,786	15,186,369	24,044,779	27,473,812
EXPENDITURES:							
Current -							
Community development	1,524,695	3,618,118	2,534,958	1,185,786	-	8,863,557	10,253,767
Housing program	-	-	-	-	17,219,017	17,219,017	17,412,988
Total expenditures	1,524,695	3,618,118	2,534,958	1,185,786	17,219,017	26,082,574	27,666,755
Revenues over (under) expenditures	15,934	(36,309)	15,228	-	(2,032,648)	(2,037,795)	(192,943)
OTHER FINANCING SOURCES(USES):							
Interest	296	1,382	624	-	-	2,302	1,949
Transfers out	(15,406)	(35,818)	(25,502)	-	-	(76,726)	(75,400)
Total other financing sources(uses)	(15,110)	(34,436)	(24,878)	-	-	(74,424)	(73,451)
Revenues and other financing sources (uses) over expenditures	824	(70,745)	(9,650)	-	(2,032,648)	(2,112,219)	(266,394)
FUND BALANCES, beginning of year	46,529	178,956	32,557	-	2,032,648	2,290,690	2,557,084
FUND BALANCES, end of year	\$47,353	\$108,211	\$22,907	\$-	\$-	\$178,471	\$2,290,690

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
BALLSTON BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$1,572,603</u>	<u>\$1,540,629</u>	<u>(\$31,974)</u>
Total revenue	<u>1,572,603</u>	<u>1,540,629</u>	<u>(31,974)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>1,556,877</u>	<u>1,524,695</u>	<u>32,182</u>
Revenues over(under) expenditures	<u>15,726</u>	<u>15,934</u>	<u>208</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	296	296
Transfers out	<u>(15,726)</u>	<u>(15,406)</u>	<u>320</u>
Total other financing sources(uses)	<u>(15,726)</u>	<u>(15,110)</u>	<u>616</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>824</u>	<u>824</u>
FUND BALANCE, beginning of year	<u>46,529</u>	<u>46,529</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$46,529</u></u>	<u><u>\$47,353</u></u>	<u><u>\$824</u></u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
ROSSLYN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$3,735,596</u>	<u>\$3,581,809</u>	<u>(\$153,787)</u>
Total revenue	<u>3,735,596</u>	<u>3,581,809</u>	<u>(153,787)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>3,699,123</u>	<u>3,618,118</u>	<u>81,005</u>
Revenues over(under) expenditures	<u>36,473</u>	<u>(36,309)</u>	<u>(72,782)</u>
OTHER FINANCING SOURCES(USES):			
Interest	864	1,382	518
Transfers out	<u>(37,337)</u>	<u>(35,818)</u>	<u>1,519</u>
Total other financing sources(uses)	<u>(36,473)</u>	<u>(34,436)</u>	<u>2,037</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>(70,745)</u>	<u>(70,745)</u>
FUND BALANCE, beginning of year	<u>178,956</u>	<u>178,956</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$178,956</u></u>	<u><u>\$108,211</u></u>	<u><u>(\$70,745)</u></u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
CRYSTAL CITY BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	\$2,626,899	\$2,550,186	(\$76,713)
Total revenue	<u>2,626,899</u>	<u>2,550,186</u>	<u>(76,713)</u>
EXPENDITURES:			
Special real estate tax assessments	2,600,630	2,534,958	65,672
Revenues over(under) expenditures	<u>26,269</u>	<u>15,228</u>	<u>(11,041)</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	624	624
Transfers out	(26,269)	(25,502)	767
Total other financing sources(uses)	<u>(26,269)</u>	<u>(24,878)</u>	<u>1,391</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>(9,650)</u>	<u>(9,650)</u>
FUND BALANCE, beginning of year	<u>32,557</u>	<u>32,557</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$32,557</u></u>	<u><u>\$22,907</u></u>	<u><u>(\$9,650)</u></u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMMUNITY DEVELOPMENT GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$4,193,084</u>	<u>\$1,185,786</u>	<u>(\$3,007,298)</u>
Total Revenues	<u>4,193,084</u>	<u>1,185,786</u>	<u>(3,007,298)</u>
EXPENDITURES:			
Community development	<u>4,193,084</u>	<u>1,185,786</u>	<u>3,007,298</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
SECTION 8 HOUSING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE
BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$17,209,264</u>	<u>\$15,186,369</u>	<u>(\$2,022,895)</u>
EXPENDITURES:			
Housing program	<u>17,104,743</u>	<u>17,219,017</u>	<u>(114,274)</u>
Revenues over (under) expenditures	<u>104,521</u>	<u>(2,032,648)</u>	<u>(2,137,169)</u>
FUND BALANCE, beginning of year	<u>2,032,618</u>	<u>2,032,648</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$2,137,139</u></u>	<u><u>\$-</u></u>	<u><u>(\$2,137,169)</u></u>



Capital Projects Funds

The Capital Projects Funds are used to account for the purchase and/or construction of major capital facilities, including buildings, roads and other long-lived improvements, which are not financed by proprietary funds. Financing is provided primarily by bond issues, State and Federal grants, and General Fund transfers.

The capital projects for general government functions which are financed under the County's pay-as-you-go capital programs are accounted for in the General Capital Projects Funds. As required by law, separate funds are used to account for the capital project expenditures financed by the proceeds of general obligation bonds, IDA revenue bonds and revenues from real estate assessments.

ARLINGTON COUNTY, VIRGINIA
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2015
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	Colubia Pike TIF	IDA Bond Fund	Totals			
													June 30, 2015	June 30, 2014		
ASSETS:															ASSETS:	
Equity in pooled cash and investmer	\$108,025,641	\$19,182,278	\$9,060,737	\$30,511,929	\$21,935,057	\$30,088,735	\$4,625	\$44	\$145,753,641	\$9,490,356	\$209,168	\$-	\$374,262,211	\$316,530,970	Equity in pooled cash and investments	
Receivables	5,890,508	-	-	-	67,306	-	-	-	2,225,401	-	-	-	8,183,215	4,477,571	Receivables	
Receivables from other government	857,298	-	-	-	-	-	-	-	2,535,776	50,225	-	-	3,443,299	-	Receivables from other governments	
Prepaid expenses	-	-	4,275	-	-	-	-	-	-	-	-	-	4,275	4,275	Prepaid expenses	
Total Assets	\$114,773,447	\$19,182,278	\$9,065,012	\$30,511,929	\$22,002,363	\$30,088,735	\$4,625	\$44	\$150,514,818	\$9,540,581	\$209,168	\$-	\$385,893,000	\$321,012,816	Total Assets	
LIABILITIES AND FUND BALANCES															LIABILITIES AND FUND BALANCES	
LIABILITIES:															LIABILITIES:	
Vouchers payable	\$6,381,539	\$2,428,232	\$30,025	\$444,693	\$652,601	\$65,720	\$-	\$-	\$3,362,405	\$274,706	\$-	\$90,872	\$13,730,793	\$11,155,651	Vouchers payable	
Contracts payable-retainage	949,785	-	-	-	-	102,605	-	-	607,898	-	-	-	1,660,288	884,040	Contracts payable-retainage	
Unearned revenue	9,555,964	-	-	-	-	-	-	-	669,858	-	-	-	10,225,822	7,248,888	Deferred Revenue	
Other liabilities	672,782	-	3,200	-	-	-	-	-	-	-	-	-	675,982	856,673	Other liabilities	
Total Liabilities	17,560,070	2,428,232	33,225	444,693	652,601	168,325	-	-	4,640,161	274,706	-	90,872	26,292,885	20,145,252	Total Liabilities	
FUND BALANCES:															FUND BALANCES:	
<u>Non-spendable</u>																
Prepaid	-	-	4,275	-	-	-	-	-	-	-	-	-	4,275	4,275	Prepaid	
<u>Restricted:</u>																
Debt service	-	-	-	-	-	-	-	-	27,117,029	-	-	-	27,117,029	29,790,565	Debt Service	
<u>Unrestricted:</u>																
Capital projects	97,213,377	16,754,046	9,027,512	30,067,236	21,349,762	29,920,410	4,625	44	118,757,628	9,265,875	209,168	-	332,569,683	271,072,724	Capital Projects	
Total Fund Balances	97,213,377	16,754,046	9,031,787	30,067,236	21,349,762	29,920,410	4,625	44	145,874,657	9,265,875	209,168	(90,872)	359,600,115	300,867,564	Total Fund Balances	
Total Liabilities and Fund Balances	\$114,773,447	\$19,182,278	\$9,065,012	\$30,511,929	\$22,002,363	\$30,088,735	\$4,625	\$44	\$150,514,818	\$9,540,581	\$209,168	\$-	\$385,893,000	\$321,012,816	Total Liabilities and Fund Balances	

ARLINGTON COUNTY, VIRGINIA
 CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	Colubia Pike TIF	IDA Bond Fund	Totals			
													June 30, 2015	June 30, 2014		
REVENUES:																REVENUES:
From the Commonwealth of Virginia	\$3,759,621	\$-	\$-	\$-	\$43,044	\$-	\$-	\$-	\$24,304,524	\$134,824	\$-	\$-	\$28,242,013	\$28,862,852	From the Commonwealth of Virginia	
From the federal government	-	-	-	-	20,000	-	-	-	-	-	-	-	20,000	60,000	From the federal government	
Charges for services	15,660,839	-	-	-	132,042	-	-	-	1,373,026	-	-	-	17,165,907	5,212,203	Charges for services	
Real estate taxes	-	-	-	-	8,631,383	-	-	-	24,533,145	3,332,465	209,168	-	36,706,161	37,040,760	Real estate taxes	
Interest	-	23,441	14,926	28,527	-	41,176	-	-	19,049	-	-	1,319	128,438	162,689	Interest	
Miscellaneous revenue	2,792,060	-	-	-	6,550	-	-	-	1,149,248	-	-	-	3,947,858	2,476,666	Miscellaneous revenue	
Total Revenues	22,212,520	23,441	14,926	28,527	8,833,019	41,176	-	-	51,378,992	3,467,289	209,168	1,319	86,210,377	73,815,170	Total Revenues	
EXPENDITURES:																EXPENDITURES:
Inter Governmental:																Inter Governmental:
Community development	1,286,794	-	-	-	-	-	-	-	10,000,000	-	-	-	11,286,794	11,504,210	Community development	
Current operating:															Current operating:	
General Government	906,198	-	-	-	7,134,630	-	-	-	1,234,473	333,089	-	-	9,608,390	7,071,244	General Government	
Planning and Community Development	254,890	-	-	-	-	-	-	-	-	-	-	-	254,890	124,008	Planning and Community Development	
Parks, recreation and Cultural Development	34,090	-	-	-	-	-	-	-	-	-	-	-	34,090	2,515	Parks, recreation and Cultural Development	
Public Safety	27,372	-	-	-	-	-	-	-	-	-	-	-	27,372	109,220	Public Safety	
Debt service:															Debt service:	
Principal	-	-	-	-	-	-	-	-	328,074	-	-	-	328,074	321,460	Principal	
Interest	-	-	-	-	-	-	-	-	345,544	-	-	-	345,544	351,957	Interest	
Capital outlay	37,280,519	7,736,662	4,676,344	7,214,813	422,792	2,753,555	-	-	22,986,072	697,019	-	226,556	83,994,332	75,853,834	Capital outlay	
Total Expenditures	39,789,863	7,736,662	4,676,344	7,214,813	7,557,422	2,753,555	-	-	34,894,163	1,030,108	-	226,556	105,879,486	95,338,448	Total Expenditures	
Revenues Over/(Under) Expenditures	(17,577,343)	(7,713,221)	(4,661,418)	(7,186,286)	1,275,597	(2,712,379)	-	-	16,484,829	2,437,181	209,168	(225,237)	(19,669,109)	(21,523,278)	Revenues Over/(Under) Expenditures	
OTHER FINANCING SOURCES/(USES):																OTHER FINANCING SOURCES/(USES):
Proceeds from lease purchase	6,383,803	-	-	-	-	-	-	-	-	-	-	-	6,383,803	5,459,005	Proceeds from lease purchase	
Proceeds from sale of general obligation bonds	-	9,370,000	3,000,000	18,365,000	-	5,705,000	-	-	8,000,000	-	-	-	44,440,000	26,750,000	Proceeds from sale of general obligation bonds	
Proceeds from sale of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	17,965,000	Proceeds from sale of refunding bonds	
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,533,770)	Payments to refunded bond escrow agent	
Cost of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	568,770	Deferred cost of refunding	
Transfers in	29,993,113	-	-	-	-	-	-	-	-	-	-	-	29,993,113	29,553,643	Transfers in	
Transfers out	(2,286,818)	(23,441)	(14,926)	(28,527)	-	(41,176)	-	-	(19,049)	-	-	(1,319)	(2,415,256)	(4,130,637)	Transfers out	
Total Other Financing Sources/(Uses)	34,090,098	9,346,559	2,985,074	18,336,473	-	5,663,824	-	-	7,980,951	-	-	(1,319)	78,401,660	57,632,011	Total Other Financing Sources/(Uses)	
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	16,512,755	1,633,338	(1,676,344)	11,150,187	1,275,597	2,951,445	-	-	24,465,780	2,437,181	209,168	(226,556)	58,732,551	36,108,733	Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	
FUND BALANCE, beginning of year	80,700,622	15,120,708	10,708,131	18,917,049	20,074,165	26,968,965	4,625	44	121,408,877	6,828,694	-	135,684	300,867,564	264,758,831	FUND BALANCE, beginning of year	
FUND BALANCE, end of year	\$97,213,377	\$16,754,046	\$9,031,787	\$30,067,236	\$21,349,762	\$29,920,410	\$4,625	\$44	\$145,874,657	\$9,265,875	\$209,168	(\$90,872)	\$359,600,115	\$300,867,564	FUND BALANCE, end of year	



Enterprise Funds

Utilities Fund – to account for the operations, maintenance and construction of the County’s water and sanitary sewer system and for the capital asset improvements in the water pollution control plant. Revenues of this fund consist principally of charges for services to County residents. Debt service on the general obligation bonds issued to finance the construction of plant facilities is also accounted for in this fund.

Ballston Public Parking Garage Fund – to account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

Eighth Level Ballston Public Parking Garage Fund- to account for financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

CPHD Development Fund – to account for financing of the fee-supported units of the Inspection Services Division and Planning Division. Operating expenses involved are recovered in the form of charges to users of such services.

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

A S S E T S

					<u>Totals</u>	
	<u>Utilities</u>	<u>Ballston Public Parking Garage</u>	<u>8th Level Ballston Public Parking Garage</u>	<u>CPHD Development Fund</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
CURRENT ASSETS:						
Equity in pooled cash and investments	\$66,209,877	\$14,111,245	\$577,262	\$19,207,982	\$100,106,366	\$96,573,799
Cash with fiscal agents	25,221	-	-	-	25,221	25,221
Accounts receivable:						
Water-sewer charges	1,058,740	-	-	-	1,058,740	5,905,982
Estimated unbilled service charges	11,978,626	-	-	-	11,978,626	9,981,257
Other	2,359,020	77,791	-	-	2,436,811	2,931,464
Prepaid expenses	2,447,864	187,880	-	-	2,635,744	2,635,744
Inventories	1,354,831	-	-	-	1,354,831	1,365,393
Total current assets	85,434,179	14,376,916	577,262	19,207,982	119,596,339	119,418,860
CAPITAL ASSETS:						
Land	6,161,255	-	-	-	6,161,255	6,161,255
Sewer system	384,465,085	-	-	-	384,465,085	354,223,000
Water system	778,186,933	-	-	-	778,186,933	693,336,177
Equipment	2,500,279	399,626	-	2,922,335	5,822,240	5,629,436
Building	-	22,315,887	3,511,471	-	25,827,358	25,827,358
Intangible assets	33,000	-	-	1,116,969	1,149,969	1,149,969
Construction in progress	28,474,619	464,616	-	-	28,939,235	125,999,949
Less accumulated depreciation-Intangible	(1,444)	-	-	(963,633)	(965,077)	(754,986)
Less accumulated depreciation	(179,280,406)	(13,712,391)	(160,942)	(1,684,770)	(194,838,509)	(178,943,812)
Total capital assets (net of accumulated depreciation)	1,020,539,321	9,467,738	3,350,529	1,390,901	1,034,748,489	1,032,628,346
Total noncurrent assets	1,020,539,321	9,467,738	3,350,529	1,390,901	1,034,748,489	1,032,628,346
Total assets	\$1,105,973,500	\$23,844,654	\$3,927,791	\$20,598,883	\$1,154,344,828	\$1,152,047,206

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

LIABILITIES AND EQUITY

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2015	June 30, 2014
CURRENT LIABILITIES:						
Payable from current assets:						
General obligation bonds payable	\$8,741,173	\$-	\$-	\$-	\$8,741,173	\$8,163,453
VRA loan payable	13,955,488	-	-	-	13,955,488	13,347,499
Interest payable	3,787,326	25,943,013	-	-	29,730,339	28,226,985
Vouchers payable	6,311,337	1,057,573	4,162	649,152	8,022,224	10,619,808
Contracts payable - retainage	165,920	-	-	-	165,920	188,407
Revenue bonds payable-current	-	500,000	-	-	500,000	500,000
Mortgage /notes payable	-	3,429,679	-	-	3,429,679	3,429,679
Capital leases	31,368	-	-	-	31,368	30,487
Other accrued liabilities	264,785	12,675,631	-	179,428	13,119,844	11,744,672
Compensated absences	122,531	-	-	64,855	187,386	188,318
Total current liabilities	33,379,928	43,605,896	4,162	893,435	77,883,421	76,439,308
LONG-TERM LIABILITIES:						
Compensated absences	1,102,776	-	-	583,695	1,686,471	1,694,862
Revenue bonds payable	-	6,500,000	-	-	6,500,000	8,400,000
Capital leases	82,446	-	-	-	82,446	113,814
VRA Loan payable	205,877,421	-	-	-	205,877,421	219,935,436
General obligation bonds payable	103,473,028	-	-	-	103,473,028	111,031,167
Total long-term liabilities	310,535,671	6,500,000	-	583,695	317,619,366	341,175,279
Deferred Inflows	1,633,010	-	-	-	1,633,010	-
Total liabilities	345,548,609	50,105,896	4,162	1,477,130	397,135,797	417,614,587
NET POSITION:						
Net investment in capital assets	688,378,397	(961,941)	3,350,529	1,390,901	692,157,886	671,143,524
Unrestricted (Deficit)	72,046,494	(25,299,301)	573,100	17,730,852	65,051,145	63,289,095
Total net position	760,424,891	(26,261,242)	3,923,629	19,121,753	757,209,031	734,432,619
Total liabilities and net position	\$1,105,973,500	\$23,844,654	\$3,927,791	\$20,598,883	\$1,154,344,828	\$1,152,047,206

ARLINGTON COUNTY, VIRGINIA
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2015	June 30, 2014
OPERATING REVENUES:						
Water-sewer service charges	\$94,542,664	\$-	\$-	\$-	\$94,542,664	\$88,880,766
Water-service hook-up charges	6,273,269	-	-	-	6,273,269	5,499,780
Water-service connection charges	1,210,839	-	-	-	1,210,839	1,412,500
Sewage treatment service charges	4,850,055	-	-	-	4,850,055	6,553,790
Permits and fees	-	-	-	13,892,608	13,892,608	14,621,512
Other	3,265,148	-	-	-	3,265,148	3,321,315
Parking charges	-	4,337,754	369,455	-	4,707,209	4,739,961
Total Operating Revenues	110,141,975	4,337,754	369,455	13,892,608	128,741,792	125,029,624
OPERATING EXPENSES:						
Personnel services	14,086,929	-	-	6,532,243	20,619,172	19,765,287
Fringe benefits	5,191,304	-	-	2,489,979	7,681,283	7,287,828
Contractual services	12,474,107	2,361,187	60,934	3,238,563	18,134,791	17,683,183
Purchases of water	7,533,971	-	-	-	7,533,971	8,032,924
Materials and supplies	9,766,965	297,093	25,420	258,334	10,347,812	9,724,491
Deferred rent	-	1,279,992	-	-	1,279,992	773,747
Depreciation	14,995,307	516,007	87,787	505,687	16,104,788	14,954,346
Amortization	-	-	-	-	-	34,427
Equipment (Construction Contracts)	4,853,274	-	-	144,683	4,997,957	4,732,847
Internal Services	-	-	-	1,778,882	1,778,882	1,758,372
Miscellaneous	5,598,972	-	-	-	5,598,972	5,571,587
Total Operating Expenses	74,500,829	4,454,279	174,141	14,948,371	94,077,620	90,319,039
Operating Income (Loss)	35,641,146	(116,525)	195,314	(1,055,763)	34,664,172	34,710,585
NON-OPERATING REVENUES(EXPENSES):						
Interest income and other income	259,455	8,124	-	97,435	365,014	272,989
Interest expense and fiscal charges	(11,460,400)	(1,853,449)	-	-	(13,313,849)	(14,461,469)
Interest payment on capital lease	(3,924)	-	-	-	(3,924)	(4,781)
Total non-operating revenues (expenses)	(11,204,869)	(1,845,325)	-	97,435	(12,952,759)	(14,193,261)
Net Income before contributions and transfers	24,436,277	(1,961,850)	195,314	(958,328)	21,711,413	20,517,324
CONTRIBUTIONS AND NET TRANSFERS						
Contributions from developers and other sources	1,065,000	-	-	-	1,065,000	3,789,066
TRANSFERS IN(OUT):						
Transfers in	-	-	-	-	-	102,027
Change in net position	25,501,277	(1,961,850)	195,314	(958,328)	22,776,413	24,408,417
Net position, beginning of year	734,923,614	(24,299,392)	3,728,315	20,080,081	734,432,618	710,024,202
Net position, end of year	\$760,424,891	(\$26,261,242)	\$3,923,629	\$19,121,753	\$757,209,031	\$734,432,619

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2015	June 30 2014
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$113,598,822	\$4,261,133	\$369,455	\$13,892,608	\$132,122,018	\$121,159,219
Cash paid to suppliers	(44,106,370)	(1,973,679)	(82,193)	(5,187,279)	(51,349,521)	(47,461,450)
Cash paid to employees	(19,353,926)	-	-	(8,955,853)	(28,309,779)	(27,198,502)
Net cash flows from operating activities	<u>50,138,526</u>	<u>2,287,454</u>	<u>287,262</u>	<u>(250,524)</u>	<u>52,462,718</u>	<u>46,499,267</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	<u>275,008</u>	<u>8,124</u>	<u>-</u>	<u>97,435</u>	<u>380,567</u>	<u>272,989</u>
Net cash flows from investing activities	<u>275,008</u>	<u>8,124</u>	<u>-</u>	<u>97,435</u>	<u>380,567</u>	<u>272,989</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Contributions from developers and other sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,321</u>
Net cash flows from non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,321</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(8,163,452)	(1,900,000)	-	-	(10,063,452)	(9,241,975)
Proceeds from sale of general obligation bonds	3,000,000	-	-	-	3,000,000	1,700,000
Payments to bonds redeemed	-	-	-	-	-	(2,857,610)
Proceeds from sale of refunding bonds	-	-	-	-	-	2,765,000
Cost of refunding bonds	-	-	-	-	-	92,610
Bond premium	207,596	-	-	-	207,596	151,932
Principal payments - capital lease	(30,487)	-	-	-	(30,487)	(29,631)
Interest payments - capital lease	(3,924)	-	-	-	(3,924)	(4,781)
Payment of VRA loan	(13,450,026)	-	-	-	(13,450,026)	(12,910,836)
Interest and other loan expenses	(11,679,095)	(131,398)	-	-	(11,810,493)	(12,992,495)
Purchases of property	(16,538,010)	(621,922)	-	-	(17,159,932)	(20,694,945)
Net cash flows from capital and related financing activities	<u>(46,657,398)</u>	<u>(2,653,320)</u>	<u>-</u>	<u>-</u>	<u>(49,310,718)</u>	<u>(54,022,731)</u>
Net increase(decrease) in cash and cash equivalents	<u>3,756,136</u>	<u>(357,742)</u>	<u>287,262</u>	<u>(153,089)</u>	<u>3,532,567</u>	<u>(5,883,154)</u>
Cash and cash equivalents at beginning of year	<u>62,453,741</u>	<u>14,468,987</u>	<u>290,000</u>	<u>19,361,071</u>	<u>96,573,799</u>	<u>102,456,953</u>
Cash and cash equivalents at end of year	<u>\$66,209,877</u>	<u>\$14,111,245</u>	<u>\$577,262</u>	<u>\$19,207,982</u>	<u>\$100,106,366</u>	<u>\$96,573,799</u>
Reconciliation of operating income to net cash flow from operations:						
Operating Income (Loss)	\$35,641,146	(\$116,525)	\$195,314	(\$1,055,763)	\$34,664,172	\$34,710,585
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	14,588,201	516,007	87,786	505,687	15,697,681	14,988,773
(Increase)Decrease in accounts receivable	3,421,147	(76,621)	-	-	3,344,526	(3,053,139)
(Increase)Decrease in inventories	10,562	-	-	-	10,562	(60,526)
Increase(Decrease) in vouchers payable	(3,460,050)	684,601	4,162	299,552	(2,471,735)	582,171
Increase(Decrease) in compensated absences	(75,693)	-	-	-	(75,693)	(150,616)
Increase(Decrease) in contract retainage	(22,487)	-	-	-	(22,487)	(1,300,828)
Increase(Decrease) in accrued rent liability	-	1,279,992	-	-	1,279,992	773,747
Increase(Decrease) in unearned revenue	35,700	-	-	-	35,700	9,100
Net cash flows from operations	<u>\$50,138,526</u>	<u>\$2,287,454</u>	<u>\$287,262</u>	<u>(\$250,524)</u>	<u>\$52,462,718</u>	<u>\$46,499,267</u>
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$1,065,000	-	-	-	\$1,065,000	\$2,421,745



Internal Service Funds

Automotive Equipment Fund – to account for the costs related to the operation and maintenance of automotive equipment used by County departments and agencies. The acquisition and replacement of automotive equipment is accounted for in this fund. Revenue is derived primarily from user charges to recover actual costs which include depreciation of equipment.

Printing Fund – to account for the costs of operating a central print shop which provides printing and duplicating services to County departments and agencies. Revenue is derived principally from user charges and specific services.

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

			Totals	
	Automotive Equipment	Printing	June 30, 2015	June 30, 2014
ASSETS				
CURRENT ASSETS:				
Equity in pooled cash and investments	\$14,063,517	\$38,957	\$14,102,474	\$12,442,786
Accounts receivable	-	3,148	3,148	2,157,045
Inventories	576,842	49,431	626,273	625,189
Total Current Assets	14,640,359	91,536	14,731,895	15,225,020
CAPITAL ASSETS:				
Equipment and other capital assets	72,807,936	35,633	72,843,569	71,496,453
Less-allowance for depreciation	(38,437,987)	(3,400)	(38,441,387)	(34,134,621)
Net Capital Assets	34,369,949	32,233	34,402,182	37,361,832
Total Assets	\$49,010,308	\$123,769	\$49,134,077	\$52,586,852
LIABILITIES AND NET POSITION:				
CURRENT LIABILITIES:				
Vouchers payable	\$1,393,789	\$130,923	\$1,524,712	\$1,482,110
Compensated absences	43,788	8,904	52,692	52,719
Obligations under capital lease	1,177,809	-	1,177,809	1,143,236
Accounts payable	178,862	95,090	273,952	1,855,461
Total Current Liabilities	2,794,248	234,917	3,029,165	4,533,526
LONG-TERM LIABILITIES				
Compensated absences	394,098	80,133	474,231	474,475
Obligations under capital lease	3,347,113	-	3,347,113	4,524,922
Total Long-Term Liabilities	3,741,211	80,133	3,821,344	4,999,397
Total liabilities	6,535,459	315,050	6,850,509	9,532,923
NET POSITION:				
Net investment in capital assets	29,845,027	32,233	29,877,260	31,693,674
Unrestricted	12,629,822	(223,514)	12,406,308	11,360,255
Total net position	42,474,849	(191,281)	42,283,568	43,053,929
Total Liabilities and Net Position	\$49,010,308	\$123,769	\$49,134,077	\$52,586,852

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

			Totals	
	Automotive Equipment	Printing	June 30, 2015	June 30, 2014
OPERATING REVENUES:				
Charges for services	\$20,222,638	\$2,557,880	\$22,780,518	\$23,761,795
OPERATING EXPENSES:				
Cost of store issuances	4,553,425	544,529	5,097,954	5,681,026
Personnel services	3,716,674	419,085	4,135,759	4,175,915
Fringe benefits	1,573,002	237,610	1,810,612	1,781,333
Material and supplies	2,940,707	191,986	3,132,693	328,887
Utilities	162,953	131,992	294,945	202,281
Operating equipment	118,712	-	118,712	12,899
Outside services	1,423,015	1,199,391	2,622,406	5,349,813
Depreciation	6,415,685	3,400	6,419,085	6,166,989
Total Operating Expenses	20,904,173	2,727,993	23,632,166	23,699,143
Operating Income (Loss)	(681,535)	(170,113)	(851,648)	62,652
NON-OPERATING REVENUES (EXPENSES):				
Interest payment on capital lease	(148,793)	-	(148,793)	(128,654)
Gain/(Loss) on disposal of assets	91,581	-	91,581	509,611
Total Non-operating Revenues (Expenses)	(57,212)	-	(57,212)	380,957
Income (Loss) Before Transfers	(738,747)	(170,113)	(908,860)	443,609
CONTRIBUTIONS AND NET TRANSFERS				
Transfers in	\$42,000	226,499	268,499	195,853
Transfers out	(130,000)	-	(130,000)	(130,000)
Total Operating Transfers	(88,000)	226,499	138,499	65,853
Change in Net Position	(826,747)	56,386	(770,361)	509,462
Net Position, beginning of year	43,301,596	(247,667)	43,053,929	42,544,467
Net Position, end of year	\$42,474,849	(\$191,281)	\$42,283,568	\$43,053,929

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Totals			
	Automotive Equipment	Printing	June 30, 2015	June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$22,336,651	\$2,597,764	\$24,934,415	\$23,428,752
Cash paid to suppliers	(10,696,840)	(2,109,861)	(12,806,701)	(9,678,920)
Cash paid to employees	(5,265,405)	(681,237)	(5,946,642)	(5,988,883)
Net cash provided (used) by operating activities	<u>6,374,406</u>	<u>(193,334)</u>	<u>6,181,072</u>	<u>7,760,949</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers in	42,000	226,499	268,499	195,853
Operating transfers out	(130,000)	-	(130,000)	(130,000)
Net cash provided by non-capital financing activities	<u>(88,000)</u>	<u>226,499</u>	<u>138,499</u>	<u>65,853</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital lease	-	-	-	2,500,213
Principal payment on capital lease	(1,143,236)	-	(1,143,236)	(919,315)
Payment of interest on capital lease	(148,793)	-	(148,793)	(128,654)
Purchases of equipment	(4,096,574)	(19,625)	(4,116,199)	(9,714,935)
Proceeds from sale of equipment	748,345	-	748,345	858,422
Net cash used by capital and related financing activities	<u>(4,640,258)</u>	<u>(19,625)</u>	<u>(4,659,883)</u>	<u>(7,404,269)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,646,148</u>	<u>13,540</u>	<u>1,659,688</u>	<u>422,533</u>
Cash and cash equivalents at beginning of year	<u>12,417,369</u>	<u>25,417</u>	<u>12,442,786</u>	<u>12,020,253</u>
Cash and cash equivalents at end of period	<u>\$14,063,517</u>	<u>\$38,957</u>	<u>\$14,102,474</u>	<u>\$12,442,786</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	(\$681,535)	(\$170,113)	(\$851,648)	\$62,652
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	6,415,685	3,400	6,419,085	6,166,989
Increase (Decrease) in OPEB liability	-	-	-	-
(Increase)Decrease in accounts receivable	2,114,013	39,884	2,153,897	(333,043)
(Increase)Decrease in inventories	14,961	(16,045)	(1,084)	22,552
Increase(Decrease) in payables	(1,512,989)	(25,918)	(1,538,907)	1,873,434
Increase(Decrease) in compensated absences	24,271	(24,542)	(271)	(31,635)
Net cash provided (used) by operating activities	<u>\$6,374,406</u>	<u>(\$193,334)</u>	<u>\$6,181,072</u>	<u>\$7,760,949</u>



Fiduciary Funds

Fiduciary funds are used to account for the assets received and disbursed by the County government acting in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Pension Trust Fund – to account for the operations of the Arlington Employee’s Supplemental Retirement System.

Other Post-employment Benefits (OPEB) Fund – to account for the assets held in trust by the County for the employees / beneficiaries of its OPEB plan.

Private Purpose Trust Funds:

Alexandria/Arlington Waste To Energy –Facility Monitoring Group “WTE-FMG” Trust Fund – to account for the WTE-FMG Trust Fund set up by the County and the City of Alexandria for supervision and oversight of the Waste To Energy facility.

IDA- Ballston Skating Facility Fund – to account for the Ballston Skating Facility which is funded and owned by the Arlington Industrial Development Authority.

IDA- Signature Fund – to account for the loan to the Industrial Development Authority “IDA” for the sole purpose of funding the loan agreement to Signature Theater.

Other Private Purpose Trust Funds – to account for contributions from private donors and other miscellaneous sources which are restricted for various recreational and other community service programs.

Agency Funds:

Commonwealth of Virginia Fund – to account for the collection and remittance of State taxes and fees by the County as an agency for the Commonwealth of Virginia.

Urban Area Security Initiative Fund – to account for funding provided by the U.S. Department of Homeland Security to develop and implement plans for terrorism prevention, preparedness, response and/or recovery.

Other Agency Funds – to account for contributions from private donors and other miscellaneous sources which are restricted for various recreational and other community service programs.

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF NET POSITION
TRUST FUNDS
JUNE 30, 2015

	Private Purpose Trust						
	Pension Trust	OPEB Trust	Alex/Arlington Facility Monitoring Group Trust	IDA - Ballston Skating Facility	IDA Signature	Other Private Purpose Trusts	Total Private Purpose Trust
ASSETS							
Equity in pooled cash and investments	\$47,558,504	\$77,902,235	\$61,536	\$2,079,327	\$-	\$31,176	\$2,172,039
Contributions Receivable:							
Employer	2,451,086	7,500,000	-	-	-	-	-
Employee	545,686	-	-	-	-	-	-
Accrued Interest and Other Receivables	1,467,434	-	-	569,479	4,742,851	-	5,312,330
Capital Assets, net	-	-	-	23,406,707	-	-	23,406,707
Investments, at fair value							
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	84,110,193	-	-	-	-	-	-
Corporate Fixed Income Obligations	168,098,066	-	-	-	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	613,627,807	-	-	-	-	-	-
Other Investments	83,724,497	-	-	-	-	-	-
Real Estate Funds	13,779,106	-	-	-	-	-	-
Pooled Equity	528,766,508	-	-	-	-	-	-
Pooled Fixed Income	284,530,824	-	-	-	-	-	-
Convertibles	168,349,997	-	-	-	-	-	-
Total assets	1,997,009,708	85,402,235	61,536	26,055,513	4,742,851	31,176	30,891,076
DEFERRED OUTFLOWS RESOURCES							
Loss on refunding bonds, net	-	-	-	233,400	-	-	233,400
Total assets and deferred outflows of resources	1,997,009,708	85,402,235	61,536	26,288,913	4,742,851	31,176	31,124,476
LIABILITIES							
Accounts payable and accrued liabilities	1,977,570	26,323	7,789	574,479	4,742,851	-	5,325,119
Bonds Payable	-	-	-	26,280,000	-	-	26,280,000
Obligations under Security Lending Program	-	-	-	-	-	-	-
Total liabilities	1,977,570	26,323	7,789	26,854,479	-	-	31,605,119
NET POSITION	\$1,995,032,138	\$85,375,912	\$53,747	(\$565,566)	\$-	\$31,176	(\$480,643)

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Private Purpose Trusts				Total Private Purpose Trusts
	Alex/Arlington Facility Monitoring Group Trust	IDA - Ballston Skating Facility	IDA Signature	Other Private Purpose Trusts	
ADDITIONS					
Contributions and Revenues					
Shared revenues	\$118,000	\$2,379,444	\$-	\$-	\$2,497,444
Private donations- Others	-	-	-	55,185	55,185
Total contributions	118,000	2,379,444	-	55,185	2,552,629
Investment earnings:					
Interest and other	501	-	25,758	-	26,259
Total investment earnings	501	-	-	-	26,259
Less investment expenses	-	1,384,444	25,758	-	1,410,202
Net investment earnings	501	(1,384,444)	-	-	(1,383,943)
Total additions	118,501	995,000	-	55,185	1,168,686
DEDUCTIONS					
Administrative expenses/ other	114,862	661,101	-	49,844	825,807
Contributions to developers and other sources	-	-	-	-	-
Total deductions	114,862	661,101	-	49,844	825,807
Change in net position	3,639	333,899	-	5,341	342,879
Net position- Beginning of the year	50,108	(899,465)	-	25,835	(823,522)
Net position- Ending of the year	\$53,747	(\$565,566)	\$-	\$31,176	(\$480,643)

ARLINGTON COUNTY, VIRGINIA
PENSION AND OPEB TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Pension Trust	OPEB Trust	June 30, 2015	June 30, 2014
ADDITIONS:				
Employer contributions	\$58,179,634	\$7,500,000	\$65,679,634	\$60,742,720
Member contributions	11,928,228	-	11,928,228	11,665,908
Other contributions	250,346	-	250,346	271,011
Investment income:				
Interest and dividends	41,278,152	4,840,856	46,119,008	46,148,941
Net appreciation (depreciation) in fair value	4,311,154	(2,148,638)	2,162,516	276,323,461
Commission recapture	1,147	-	1,147	942
Gross income from securities lending	243,691	-	243,691	190,665
Bank fees and income/expenses from securities lending	(60,917)	-	(60,917)	(48,568)
Investment expense	(8,422,344)	-	(8,422,344)	(5,929,040)
Total Additions	107,709,091	10,192,218	117,901,309	389,366,040
DEDUCTIONS:				
Members' benefits	88,926,633	-	88,926,633	85,308,562
Refund of members' contributions	1,829,697	-	1,829,697	1,004,180
Administrative expenses	609,586	-	609,586	681,430
Other consulting expenses	880,274	26,323	906,597	744,902
Total Deductions	92,246,190	26,323	92,272,513	87,739,074
Net Increase/(Decrease)	15,462,901	10,165,895	25,628,796	301,626,966
Net Position Held in Trust for Plan Benefits, beginning of year	1,979,569,237	75,210,017	2,054,779,254	1,754,931,624
Net Position Held in Trust for Plan Benefits, end of year:				
Undesignated	<u>\$1,995,032,138</u>	<u>\$85,375,912</u>	<u>\$2,080,408,050</u>	<u>\$2,056,558,590</u>

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 JUNE 30, 2015

	Commonwealth of Virginia	Urban Area Security Initiative	Other Agency Funds	Total Agency Funds
ASSETS				
Equity in pooled cash and investments	\$53,988	\$-	\$14,495,714	\$14,549,702
Receivable from other government	4,440	1,307,605	7,423	1,319,468
Total assets	<u>58,428</u>	<u>1,307,605</u>	<u>14,503,137</u>	<u>15,869,170</u>
LIABILITIES				
Accounts payable and accrued liabilities	58,428	1,307,605	14,503,137	15,869,170
Total liabilities	<u>58,428</u>	<u>1,307,605</u>	<u>14,503,137</u>	<u>15,869,170</u>
NET POSITION	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Commonwealth of Virginia</u>				
ASSETS:				
Cash	\$47,681	\$6,307	\$-	\$53,988
Receivable from other government	12,720	-	8,280	4,440
Total Assets	<u>\$60,401</u>	<u>\$6,307</u>	<u>\$8,280</u>	<u>\$58,428</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$60,401	\$-	\$1,973	\$58,428
Total Liabilities	<u>\$60,401</u>	<u>\$-</u>	<u>\$1,973</u>	<u>\$58,428</u>
<u>Urban Area Security Initiative</u>				
ASSETS:				
Cash & cash equivalents	\$-	\$1,013,646	\$1,013,646	\$-
Receivable from other government	430,989	1,307,605	430,989	1,307,605
Total Assets	<u>\$430,989</u>	<u>\$2,321,251</u>	<u>\$1,444,635</u>	<u>\$1,307,605</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$430,989	\$876,616	\$-	\$1,307,605
Total Liabilities	<u>\$430,989</u>	<u>\$876,616</u>	<u>\$-</u>	<u>\$1,307,605</u>
<u>Other Agency Fund</u>				
ASSETS:				
Cash & cash equivalents	\$15,368,694	\$1,924,051	\$2,797,031	\$14,495,714
Receivable from other government	-	7,423	-	7,423
Total Assets	<u>\$15,368,694</u>	<u>\$1,931,474</u>	<u>\$2,797,031</u>	<u>\$14,503,137</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$15,368,694	\$416,583	\$1,282,140	\$14,503,137
Total Liabilities	<u>\$15,368,694</u>	<u>\$416,583</u>	<u>\$1,282,140</u>	<u>\$14,503,137</u>
<u>Total All Agency Funds</u>				
ASSETS:				
Cash	\$15,416,375	\$2,944,004	\$3,810,677	\$14,549,702
Receivable from other government	443,709	1,315,028	439,269	1,319,468
Total Assets	<u>\$15,860,084</u>	<u>\$4,259,032</u>	<u>\$4,249,946</u>	<u>\$15,869,170</u>
LIABILITIES:				
Vouchers payable	\$15,860,084	\$1,293,199	\$1,284,113	\$15,869,170
Total Liabilities	<u>\$15,860,084</u>	<u>\$1,293,199</u>	<u>\$1,284,113</u>	<u>\$15,869,170</u>



Discretely Presented Component Unit – Schools

School Operating Fund – to account for the general operations of the County's public school system. Financing is provided primarily by transfers from the General Fund and from State and Federal grants to be used only for education programs.

School Food and Nutrition Services Fund – to account for the operations of the School food services programs for student meals. Revenue is provided by fees, State financing and other miscellaneous sources to be used for School food service operations.

School Community Activities Fund – to account for the operations of various community service programs, which include aquatic centers and day care facilities. Financing is provided primarily by General Fund transfers and fees collected for specific activities.

School Special Grant/ Debt Service Funds - to account for the operations of various special school programs, which are financed by limited term grants under State and Federal aid programs. Debt Service expenditures for the payment of principal and interest on school bonds are also accounted for in these funds.

School Capital Project Funds – to account for purchase and /or construction of major capital facilities for the schools. The capital projects which are financed under the County's Pay-As-You-go Capital Programs are accounted for in the School Capital Projects Pay-As-You-Go Fund. As required by law, a separate fund, the School Capital Projects Bond Fund, is used to account for the capital project expenditures financed by the proceeds of general obligation bonds.

School Comprehensive Services Act Fund – to account for expenditures for at-risk youth by the Department of Human Services-Foster Care, Juvenile and Domestic Relations District Court and the Schools. The State reimburses 55% of these expenditures.

Arlington County School Board Retiree Welfare Benefit Plan Trust – to account for the assets held in trust by the School Board for the employees / beneficiaries of its OPEB plan.

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Governmental Funds							Totals		
	School Operating Fund	School Food & Nutrition Service Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you go Fund)	School Debt Service Fund	School Comprehensive Services Act	June 30, 2015	June 30, 2014
ASSETS										
Equity in pooled cash and investments	\$45,901,138	\$2,036,718	\$-	\$1,272,685	\$59,341,553	\$15,951,303	\$-	\$-	\$124,503,397	\$103,797,411
Petty cash	200	240	375	-	-	-	-	-	815	815
Accounts receivable	695,591	796,070	35,766	2,936,108	-	108,190	129,645	-	4,701,370	4,442,209
Due from other funds	-	-	-	-	-	-	-	-	-	93
Due from primary government	69,833,350	-	1,070,570	-	-	9,199,773	-	21,715	80,125,408	85,941,674
Inventories	133,831	50,023	-	-	-	-	-	-	183,854	166,293
Total Assets	\$116,564,110	\$2,883,051	\$1,106,711	\$4,208,793	\$59,341,553	\$25,259,266	\$129,645	\$21,715	\$209,514,844	\$194,348,495
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued salaries payable	\$50,608,096	\$350,344	\$646,433	\$1,092,220	\$-	\$5,198	\$-	\$21,715	\$52,724,006	\$55,735,206
Vouchers payable	3,401,829	637,206	168,256	106,559	2,860,309	1,658,942	-	-	8,833,101	9,703,554
Contracts payable - retainage	-	-	-	-	2,599,430	-	-	-	2,599,430	5,004,359
Other liabilities	7,948,059	-	58,764	-	-	-	-	-	8,006,823	5,478,895
Deferred revenue	608,560	-	-	-	-	-	-	-	608,560	681,792
Due to other funds	-	-	-	-	-	-	-	-	-	93
Due to primary government	-	-	-	-	-	-	129,645	-	129,645	294,029
Total Liabilities	62,566,544	987,550	873,453	1,198,779	5,459,739	1,664,140	129,645	21,715	72,901,565	76,897,928
FUND EQUITY AND OTHER CREDITS										
<u>Restricted for:</u>										
Capital projects	-	-	-	-	53,881,814	15,951,303	-	-	69,833,117	57,977,311
Grants	-	-	-	3,010,014	-	-	-	-	3,010,014	2,439,196
<u>Committed to:</u>										
Incomplete projects	8,096,428	179,342	233,258	-	-	7,643,823	-	-	16,152,851	25,505,075
Next years' School budget	7,179,001	-	-	-	-	-	-	-	7,179,001	15,121,892
<u>Assigned to:</u>										
Operating reserve	2,000,000	1,716,159	-	-	-	-	-	-	3,716,159	3,208,571
Unfunded liabilities	2,000,000	-	-	-	-	-	-	-	2,000,000	2,000,000
Subsequent years' debt service	5,260,000	-	-	-	-	-	-	-	5,260,000	3,360,000
Health insurance reserve	1,000,000	-	-	-	-	-	-	-	1,000,000	1,000,000
General reserve	20,824,898	-	-	-	-	-	-	-	20,824,898	1,201,283
VRS reserve	5,637,239	-	-	-	-	-	-	-	5,637,239	5,637,239
Compensation Reserve	2,000,000	-	-	-	-	-	-	-	2,000,000	-
Total Fund Equity and Other Credits	53,997,566	1,895,501	233,258	3,010,014	53,881,814	23,595,126	-	-	136,613,279	117,450,567
Total Liabilities, Fund Equity and Other Credits	\$116,564,110	\$2,883,051	\$1,106,711	\$4,208,793	\$59,341,553	\$25,259,266	\$129,645	\$21,715	\$209,514,844	\$194,348,495

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE FUND BALANCES OF COMPONENT UNIT - SCHOOLS TO
 NET POSITION OF COMPONENT UNIT - SCHOOLS
 JUNE 30, 2015

Total-component unit-Schools fund balances	\$136,613,279
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	563,459,989
OPEB liabilities are not due and payable in the current period and are not reported in the funds	(14,402,826)
Deferred outflows of resources from pensions are not available to pay for current period expenditures and are not reported in the funds:	40,329,312
Net pension liabilities are not due and payable in the current period and are not reported in the funds.	(414,303,220)
Deferred inflows of resources from pension are not due and payable in the current period and are not reported in the funds	(47,410,610)
Long-term liabilities, including capital leases, are not due and payable in the current period and are not reported in the funds	(40,997,191)
Net position of component unit - Schools	<u><u>\$223,288,733</u></u>

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2015
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Governmental Funds							Totals	
	School Operating Fund	School Food & Nutrition Service Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you-go) Fund	School Debt Service Fund	School Comprehensive Services Act	June 30, 2015
REVENUES:									
Sales tax	\$21,198,389	\$-	\$-	\$-	\$-	\$-	\$-	\$21,198,389	\$19,368,051
State/local government	34,129,956	87,287	-	3,366,447	-	-	1,704,313	39,288,003	37,956,228
Federal	-	4,549,059	-	7,917,957	-	-	-	12,467,016	12,920,812
Charges for services	4,838,585	3,834,514	9,850,950	2,929,212	-	-	-	21,453,261	21,075,957
Use of money and property	-	-	-	-	87,699	-	-	87,699	72,867
Total revenues	60,166,930	8,470,860	9,850,950	14,213,616	87,699	-	-	94,494,368	91,393,915
EXPENDITURES:									
Current -									
Community Activities	-	-	14,894,156	-	-	-	-	14,894,156	14,487,115
Education	415,846,535	7,792,716	-	13,642,798	-	-	3,613,477	440,895,526	436,028,377
Capital projects	-	-	-	-	34,420,629	22,753,440	-	57,174,069	38,402,783
Debt service -									
Principal	-	-	-	-	-	-	30,008,443	30,008,443	28,977,396
Interest	-	-	-	-	-	-	14,090,557	14,090,557	13,967,989
Total expenditures	415,846,535	7,792,716	14,894,156	13,642,798	34,420,629	22,753,440	44,099,000	557,062,751	531,863,660
Excess (deficiency) of revenues over expenditures	(355,679,605)	678,144	(5,043,206)	570,818	(34,332,930)	(22,753,440)	(44,099,000)	(462,568,383)	(440,469,745)
Other financing sources(uses):									
Transfers in	388,426,214	-	5,299,491	-	-	13,874,780	43,834,000	453,343,649	407,395,878
Transfers out	(3,155,017)	-	-	-	(\$87,699)	-	-	(3,242,716)	(3,416,337)
Interfund transfers	(12,266,451)	-	-	-	-	12,001,451	265,000	-	-
Bond proceeds	-	-	-	-	30,000,000	-	-	30,000,000	36,460,000
Proceeds from leases	1,630,162	-	-	-	-	-	-	1,630,162	1,199,435
Total other financing sources(uses)	374,634,908	-	5,299,491	-	\$29,912,301	25,876,231	44,099,000	481,731,095	441,638,976
Excess (deficiency) of Revenues and other sources over expenditures and other uses	18,955,303	678,144	256,285	570,818	(4,420,629)	3,122,791	-	19,162,712	1,169,231
FUND BALANCES, beginning of year	35,042,263	1,217,357	(23,027)	2,439,196	58,302,443	20,472,335	-	117,450,567	116,281,336
FUND BALANCES, end of year	\$53,997,566	\$1,895,501	\$233,258	\$3,010,014	\$53,881,814	\$23,595,126	\$-	\$136,613,279	\$117,450,567

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - COMPONENT UNIT-SCHOOLS
 TO STATEMENT OF ACTIVITIES - COMPONENT UNIT SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - component unit-Schools		\$19,162,712
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Add: Capital acquisitions	\$44,775,496	
Less Depreciation expense	<u>(21,194,083)</u>	23,581,413
Lease proceeds provide current financial resources to the governmental funds, but capital leases increases long-term liabilities in the Statement of Net Position. Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position.		
Add: Repayment of capital leases	2,081,776	
Less Proceeds from capital leases	<u>(1,630,162)</u>	451,614
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		224,069
Deferred outflows/inflows of resources from pension reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		15,271,600
Pension expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		
Add: FY 2015 pension contributions deferred	38,903,102	
Less: Pension expense	<u>(33,651,974)</u>	5,251,128
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds such as compensated absences and workers compensation		<u>(3,485,900)</u>
Change in net position of component unit-Schools		<u><u>\$60,456,636</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2015

	School Operating Fund			School Food & Nutrition Service Fund			School Community Activities Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	\$20,913,638	\$21,198,389	\$284,751	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	33,484,295	34,129,956	645,661	82,046	87,287	5,241	-	-	-
Federal	-	-	-	4,043,460	4,549,059	505,599	-	-	-
Charges for services	2,605,000	4,838,585	2,233,585	3,543,348	3,834,514	291,166	9,306,815	9,850,950	544,135
Use of money and property	-	-	-	-	-	-	-	-	-
Total revenues	57,002,933	60,166,930	3,163,997	7,668,854	8,470,860	802,006	9,306,815	9,850,950	544,135
EXPENDITURES:									
Education	476,945,207	415,846,535	61,098,672	7,677,640	7,792,716	(115,076)	-	-	-
Community Activities	-	-	-	-	-	-	15,628,183	14,894,156	734,027
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	476,945,207	415,846,535	61,098,672	7,677,640	7,792,716	(115,076)	15,628,183	14,894,156	734,027
Excess (deficiency) of revenues over expenditures	(419,942,274)	(355,679,605)	64,262,669	(8,786)	678,144	686,930	(6,321,368)	(5,043,206)	1,278,162
Other financing sources(uses):									
Transfers in	411,268,062	388,426,214	(22,841,848)	-	-	-	6,344,395	5,299,491	(1,044,904)
Transfers out	(\$4,033,078)	(3,155,017)	878,061	-	-	-	-	-	-
Interfund transfers	(7,136,451)	(12,266,451)	(5,130,000)	-	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	1,630,162	1,630,162	-	-	-	-	-	-
Total other financing sources(uses)	400,098,533	374,634,908	(25,463,625)	-	-	-	6,344,395	5,299,491	(1,044,904)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(19,843,741)	18,955,303	38,799,044	(8,786)	678,144	686,930	23,027	256,285	233,258
FUND BALANCES, beginning of year	35,042,263	35,042,263	-	1,217,357	1,217,357	-	(23,027)	(23,027)	-
FUND BALANCES, end of year	\$15,198,522	\$53,997,566	\$38,799,044	\$1,208,571	\$1,895,501	\$686,930	\$-	\$233,258	\$233,258

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2015

	School Special Grants Fund			School Debt Service Fund			School Capital Projects Bond Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	3,156,803	3,366,447	209,644	-	-	-	-	-	-
Federal	8,066,312	7,917,957	(148,355)	-	-	-	-	-	-
Charges for services	3,002,932	2,929,212	(73,720)	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	87,699	-
Total revenues	<u>14,226,047</u>	<u>14,213,616</u>	<u>(12,431)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,699</u>	<u>-</u>
EXPENDITURES:									
Education	16,665,243	13,642,798	3,022,445	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	88,302,443	34,420,629	53,881,814
Debt service:									
Principal retirement	-	-	-	30,012,164	30,008,443	3,721	-	-	-
Interest and fiscal charges	-	-	-	15,225,614	14,090,557	1,135,057	-	-	-
Total expenditures	<u>16,665,243</u>	<u>13,642,798</u>	<u>3,022,445</u>	<u>45,237,778</u>	<u>44,099,000</u>	<u>1,138,778</u>	<u>88,302,443</u>	<u>34,420,629</u>	<u>53,881,814</u>
Excess (deficiency) of revenues over expenditures	<u>(2,439,196)</u>	<u>570,818</u>	<u>3,010,014</u>	<u>(45,237,778)</u>	<u>(44,099,000)</u>	<u>1,138,778</u>	<u>(88,302,443)</u>	<u>(34,332,930)</u>	<u>53,881,814</u>
Other financing sources(uses):									
Transfers in	-	-	-	44,972,778	43,834,000	(1,138,778)	-	-	-
Transfers out	-	-	-	-	-	-	-	(87,699)	-
Interfund transfers	-	-	-	265,000	265,000	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	30,000,000	30,000,000	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,237,778</u>	<u>44,099,000</u>	<u>(1,138,778)</u>	<u>30,000,000</u>	<u>29,912,301</u>	<u>-</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(2,439,196)</u>	<u>570,818</u>	<u>3,010,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,302,443)</u>	<u>(4,420,629)</u>	<u>53,881,814</u>
FUND BALANCES, beginning of year	<u>2,439,196</u>	<u>2,439,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,302,443</u>	<u>58,302,443</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$-</u>	<u>\$3,010,014</u>	<u>\$3,010,014</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$53,881,814</u>	<u>\$53,881,814</u>

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2015

	School Capital Projects (Pay-as-you-go) Fund			School Comprehensive Services Act			Totals		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	\$-	\$-	\$-	\$-	\$-	\$-	\$20,913,638	\$21,198,389	\$284,751
Intergovernmental									
State	-	-	-	2,236,850	1,704,313	(532,537)	38,959,994	39,288,003	328,009
Federal	-	-	-	-	-	-	12,109,772	12,467,016	357,244
Charges for services	-	-	-	-	-	-	18,458,095	21,453,261	2,995,166
Use of money and property	-	-	-	-	-	-	-	87,699	87,699
Total revenues	-	-	-	2,236,850	1,704,313	(532,537)	90,441,499	94,494,368	4,052,869
EXPENDITURES:									
Education	-	-	-	4,520,000	3,613,477	906,523	505,808,090	440,895,526	64,912,564
Community Activities	-	-	-	-	-	-	15,628,183	14,894,156	734,027
Capital projects	35,127,852	22,753,440	12,374,412	-	-	-	123,430,295	57,174,069	66,256,226
Debt service:									
Principal retirement	-	-	-	-	-	-	30,012,164	30,008,443	3,721
Interest and fiscal charges	-	-	-	-	-	-	15,225,614	14,090,557	1,135,057
Total expenditures	35,127,852	22,753,440	12,374,412	4,520,000	3,613,477	906,523	690,104,346	557,062,751	133,041,595
Excess (deficiency) of revenues over expenditures	(35,127,852)	(22,753,440)	12,374,412	(2,283,150)	(1,909,164)	373,986	(599,662,847)	(462,568,383)	137,094,464
Other financing sources(uses):									
Transfers in	13,874,780	13,874,780	-	2,508,150	1,909,164	(598,986)	478,968,165	453,343,649	(25,624,516)
Transfers out	-	-	-	-	-	-	(4,033,078)	(3,242,716)	790,362
Interfund transfers	6,871,451	12,001,451	-	-	-	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	\$30,000,000	30,000,000	-
Proceeds from capital lease	-	-	-	-	-	-	-	1,630,162	1,630,162
Total other financing sources(uses)	20,746,231	25,876,231	-	2,508,150	1,909,164	(598,986)	504,935,087	481,731,095	(23,203,992)
Excess (deficiency) of Revenues and other sources over expenditures and other use:	(14,381,621)	3,122,791	17,504,412	225,000	-	(225,000)	(94,727,760)	19,162,712	113,890,472
FUND BALANCES, beginning of year	20,472,335	20,472,335	-	-	-	-	117,450,567	117,450,567	-
FUND BALANCES, end of year	\$6,090,714	\$23,595,126	\$17,504,412	\$225,000	\$-	(\$225,000)	\$22,722,807	\$136,613,279	\$113,890,472

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 BALANCE SHEET
 JUNE 30, 2015
 (WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and Investments	\$35,782,748	\$34,546,134
Accounts Receivable	<u>3,155,017</u>	<u>-</u>
Total Assets	<u>38,937,765</u>	<u>34,546,134</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION	<u>\$38,937,765</u>	<u>\$34,546,134</u>

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 STATEMENT OF CHANGES IN PLAN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015
 (WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
ADDITIONS:		
Employer contributions	\$3,155,017	\$3,343,470
Investment Income:		
Interest and dividends	2,223,545	1,907,604
Net Appreciation (depreciation) in fair value	<u>(986,931)</u>	<u>2,708,903</u>
Total Additions	4,391,631	7,959,977
DEDUCTIONS:	<u>-</u>	<u>-</u>
Net Increase	4,391,631	7,959,977
Net Position Held in Trust for Plan Benefits, beginning of year	<u>34,546,134</u>	<u>26,586,157</u>
Net Position Held in Trust for Plan Benefits, end of year:		
Undesignated	<u><u>\$38,937,765</u></u>	<u><u>\$34,546,134</u></u>



Supplemental Schedules

The supplemental schedules are presented to reflect finance-related legal and contractual compliance, details of data summarized in the preceding financial statements and other information deemed useful for financial statement users in the analysis of the County's financial activities.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY TO THE COUNTY- ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Governmental Funds			Proprietary Funds		Fiduciary Fund	Component Units	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	Schools	
BALANCE, beginning of year	\$319,574,683	\$6,455,720	\$316,530,970	\$95,747,428	\$12,442,786	\$17,424,511	\$103,797,411	\$871,973,509
Receipts (net):								
Taxes	956,794,531	7,672,624	36,706,161	-	-	-	21,198,389	1,022,371,705
Licenses and permits	11,231,202	-	-	-	-	-	-	11,231,202
Fines and forfeitures	7,941,007	-	-	-	-	-	-	7,941,007
Revenue from use of money and property	7,765,181	2,302	128,438	365,014	-	-	87,699	8,348,634
Charges for services	52,682,001	-	17,165,907	128,741,792	22,780,518	115,908	21,453,261	242,939,387
Miscellaneous	14,023,060	-	3,947,858	1,065,000	-	5,895,523	-	24,931,441
Intergovernmental	85,184,758	16,372,155	28,262,013	-	-	1,931,611	51,755,019	183,505,556
Proceeds from indebtedness	-	-	50,823,803	3,000,000	-	-	-	53,823,803
Proceeds from sale of assets	-	-	-	-	748,345	-	1,630,162	2,378,507
Total Receipts	1,135,621,740	24,047,081	137,034,180	133,171,806	23,528,863	7,943,042	96,124,530	1,557,471,242
Total Receipts and Balance	1,455,196,423	30,502,801	453,565,150	228,919,234	35,971,649	25,367,553	199,921,941	2,429,444,751
Disbursements (net):								
Warrants(checks)issued	635,446,779	23,519,718	106,880,796	93,365,800	20,715,645	8,788,766	481,420,477	1,370,137,981
Retirement of indebtedness	40,845,031	-	-	23,543,965	1,143,236	-	30,008,443	95,540,675
Interest and other debt costs	18,034,710	-	-	11,810,493	148,793	-	14,090,557	44,084,553
Total Disbursements	694,326,520	23,519,718	106,880,796	128,720,258	22,007,674	8,788,766	525,519,477	1,509,763,209
Interfund Transfers:								
Transfers in	1,207,132	-	29,993,113	-	268,499	-	453,343,649	484,812,393
Transfers out	(483,609,591)	(76,726)	(2,415,256)	-	(130,000)	-	(3,242,716)	(489,474,289)
BALANCE, end of year	\$278,467,444	\$6,906,357	\$374,262,211	\$100,198,976	\$14,102,474	\$16,578,787	\$124,503,397	\$915,019,646

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
ADJUSTED CASH IN BANKS
JUNE 30, 2015

Assets held by the Treasurer	
Cash on hand	<u>\$15,000</u>
Cash in banks:	
Checking	
First Virginia Community Bank	1,012
John Marshall	16,415
Wells Fargo	175,544,069
SunTrust	71,300
Citibank	866,558
Bank of America	2,276,047
United Bank	1,021,392
PNC Bank	33,530
Burke and Herbert Bank	104,139
Total Checking Account	<u>179,934,462</u>
Savings :	
Wells Fargo	<u>3,360,544</u>
Total Savings Account	<u>3,360,544</u>
Certificates of Deposit :	
John Marshall	27,668,654
WashingtonFirst	2,000,000
Cardinal Bank	1,000,959
United Bank	2,000,000
Total Certificates of Deposit	<u>32,669,613</u>
Held with Trustee :	
Corporate Notes	111,044,347
Commercial Paper	108,784,594
Federal Agency Bonds/ Notes	80,357,440
Municipal Investments	27,073,986
Total Held with Trustee	<u>327,260,367</u>
State Treasurer's Local Government Investment Pool	219,365
Chain Bridge Money Market	1,012,752
John Marshall Money Market	6,403,485
Bank of Georgetown Money Market	14,841,097
First Virginia Community Bank Money Market	17,133,883
United Bank Money Market	19,047
Cardinal Bank	1,000,872
Eagle Bank	5,001,825
Virginia Investment Pool	40,311,281
State Non Arbitrage Investment Program (SNAP)	265,089,771
Total Cash and Investments held by the Treasurer	<u>894,273,364.00</u>
Cash and Investments with Trustees :	
US Bank, Ballston Garage Accounts	\$17,846,347
SunTrust, Ballston Parking Garage	89,771
Mellon- IDA Ballston Skating Facility	2,179,327
First Virginia Community Bank	65,436
Arlington Mill Garage	22,323
Mellon- IDA Lease Revenue Bonds (Capital)	450,468
Total Cash and Investments with Trustee	<u>20,653,672</u>
Total Cash & Investment Balances, June 30, 2015	<u>\$914,927,036</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
CASH IN BANKS
JUNE 30, 2015

Assets Held by the Treasurer	
Cash on Hand	<u>\$15,000</u>
Cash in Banks:	
Checking	
First Virginia Community Bank	1,012
John Marshall	16,415
Wells Fargo	185,866,338
SunTrust	71,300
Citibank	866,558
Bank of America	2,276,047
United Bank	997,116
PNC Bank	33,530
Burke and Herbert Bank	104,139
Total Checking Account	<u>190,232,455</u>
Savings:	
Wells Fargo	3,360,544
Total Savings Account	<u>3,360,544</u>
Certificates of Deposit:	
John Marshall	27,668,654
WashingtonFirst	2,000,000
Cardinal Bank	1,000,959
United Bank	2,000,000
Total Certificates of Deposit	<u>32,669,613</u>
Held with Trustee:	
Corporate Notes	111,044,347
Commercial Paper	108,784,594
Federal Agency Bonds/ Notes	80,357,440
Municipal Investments	27,073,986
Total Held with Trustee	<u>327,260,367</u>
State Treasurer's Local Government Investment Pool	219,365
Chain Bridge Money Market	1,012,752
John Marshall Money Market	6,403,485
Bank of Georgetown Money Market	14,841,097
First Virginia Community Bank Money Market	17,133,883
United Bank Money Market	19,047
Cardinal Bank	1,000,872
Eagle Bank	5,001,825
Virginia Investment Pool	40,311,281
State Non Arbitrage Investment Program (SNAP)	265,089,771
Total Cash and Investments held by the Treasurer	<u>904,571,357.00</u>
Cash and Investments with Trustees:	
US Bank, Ballston Garage Accounts	17,846,347
SunTrust, (Ballston Parking Garage)	89,771
Mellon- IDA Ballston Skating Facility	2,179,327
First Virginia Community Bank	61,536
Mellon- IDA Lease Revenue Bonds (Capital)	450,468
Total Cash and Investments with Trustee	<u>20,627,449</u>
Total Cash & Investment Balances, June 30, 2015	<u><u>\$925,198,806</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2015

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
Certificate of Deposit			
JOHN MARSHALL BANK	0.45%	08/27/2015	\$1,006,001
JOHN MARSHALL BANK	0.75%	10/01/2015	5,065,959
JOHN MARSHALL BANK	1.05%	10/01/2015	5,209,153
JOHN MARSHALL BANK	0.50%	10/22/2015	3,067,458
JOHN MARSHALL BANK	0.75%	10/25/2015	2,037,729
JOHN MARSHALL BANK	0.50%	12/10/2015	2,109,732
JOHN MARSHALL BANK	0.75%	12/14/2015	2,039,732
UNITED BANK	0.75%	04/28/2016	1,000,000
CARDINAL BANK	0.65%	05/07/2016	1,000,959
WASHINGTON FIRST BANK	0.75%	05/19/2016	2,000,000
JOHN MARSHALL BANK	1.00%	10/01/2016	5,084,314
JOHN MARSHALL BANK	1.00%	02/27/2017	2,048,575
UNITED BANK	1.24%	04/27/2017	1,000,000
Total Certificates of Deposits			<u>32,669,612</u>
Corporate Notes			
TOYOTA MTR CRD CORP MTN BE	0.875%	07/17/2015	1,745,332
NATIONAL AUSTRALIA BANK	2.750%	09/28/2015	100,497
AFRICAN DEVELOPMENT BANK	6.875%	10/15/2015	1,803,560
BNP PARIBAS	2.200%	11/02/2015	3,016,320
COCA COLA CO	1.500%	11/15/2015	3,009,030
SHINHAN BANK NEW YORK	0.480%	12/02/2015	5,003,000
ROYAL BK CANADA	0.625%	12/04/2015	3,001,500
SCHLUMBERGER SA	2.650%	01/15/2016	5,052,500
EUROPEAN BK RECON & DEV	2.500%	03/15/2016	5,075,350
WESTPAC BANKING CORP	0.776%	08/17/2017	1,746,150
CANADIAN IMPERIAL BANK	0.426%	11/16/2017	6,376,955
CANADIAN IMPERIAL BANK	0.426%	11/16/2017	4,905,350
CANADIAN IMPERIAL BANK	0.426%	11/16/2017	2,943,210
ROYAL BK OF CDA	0.426%	01/22/2018	4,933,100
TORONTO DOMINION BANK	1.625%	03/13/2018	5,004,632
DNB BOLIGKREDITT AS BOND 144A	1.450%	03/21/2018	5,002,450
ANZ NEW ZEALAND INTL/LDN	1.750%	03/29/2018	229,961
ANZ NEW ZEALAND INTL/LDN	1.750%	03/29/2018	3,999,320
ANZ NEW ZEALAND INTL/LDN	1.750%	03/29/2018	699,881
ANZ NEW ZEALAND INTL/LDN	1.750%	03/29/2018	1,999,660
ANZ NEW ZEALAND INTL/LDN	1.750%	03/29/2018	304,948
HSBC BANK PLC	1.500%	05/15/2018	2,537,550
COMMONWEALTH BK AUSTR NY	2.500%	09/20/2018	5,632,165
BANK OF NOVA SCOTIA SR NT	2.050%	10/30/2018	1,090,338
WESTPAC BKG CORP 144A	1.850%	11/26/2018	5,023,600
TOYOTA MOTOR CRED FR	2.100%	01/17/2019	4,016,720
JACKSON NATL LIFE GLOBAL 144A BOND	2.300%	04/16/2019	4,741,589
COMMONWEALTH BANK AUSTRALIA	1.000%	06/10/2019	9,802,600
AUSTRALIA & NEW ZEALA BKG	2.250%	06/13/2019	4,519,260
ROYAL BK OF CDA BD CDS	1.350%	07/16/2019	1,691,670
ANZ NATL INTL LTD MTN BE 144A	2.600%	09/23/2019	5,041,450
ROYAL BANK OF CANADA	1.500%	09/30/2019	994,700

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2015

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
Total Corporate Notes			<u>111,044,348</u>
Commercial Paper			
INSTIT SECD FNDG LLC	0.00%	07/24/2015	4,997,890
INSTIT SECD FNDG LLC	0.00%	08/04/2015	4,998,192
INSTIT SECD FNDG LLC	0.00%	08/07/2015	4,997,200
INSTIT SECD FNDG LLC	0.00%	08/14/2015	4,997,289
INSTIT SECD FNDG LLC	0.00%	08/14/2015	4,997,289
PIPER JAFFRAY & CO	0.00%	08/31/2015	3,983,558
SINOPEC CENTURY BRIGHT C	0.00%	11/10/2015	4,989,650
NATIXIS NY BRANCH	0.00%	11/12/2015	4,992,150
EBURY FINANCE LLC	0.00%	11/16/2015	4,991,800
AGRICULTURAL BK CHINA NY	0.00%	11/23/2015	4,991,303
KOOKMIN BANK NY BRANCH	0.00%	12/01/2015	4,988,813
ABBAY NATL N AMERICA LLC	0.00%	12/04/2015	4,989,889
ING US FUNDING LLC	0.00%	12/08/2015	4,989,889
ANGLESEA FUNDING LLC	0.00%	12/14/2015	4,989,817
SOCIETE GENERALE	0.00%	12/14/2015	4,989,442
CHESHAM FINANCE LLC	0.00%	12/15/2015	4,989,294
NATIXIS NY BRANCH	0.00%	12/15/2015	4,989,556
CHESHAM FINANCE LLC	0.00%	12/16/2015	4,988,817
SOCIETE GENERALE	0.00%	01/11/2016	4,986,500
CREDIT SUISSE NEW YORK	0.00%	01/19/2016	4,987,458
CREDIT AGRICOLE CIB NY	0.00%	03/04/2016	4,979,750
NATIXIS NY BRANCH	0.00%	03/04/2016	4,979,050
Total Commercial Paper			<u>108,784,596</u>
Government Agency Bonds			
FEDERAL HOME LOAN BANK	1.13%	09/28/2016	2,005,300
FEDERAL AGRICULTURAL MTG CORP	5.13%	04/19/2017	2,151,540
FEDERAL NATIONAL MTG ASSN	3.82%	06/01/2017	1,447,084
FEDERAL FARM CREDIT BANK	0.70%	08/09/2017	3,495,730
FEDERAL NATIONAL MTG ASSN	0.75%	12/26/2017	2,602,106
FEDERAL HOME LOAN MTG CORP	0.90%	12/28/2017	4,993,000
FEDERAL HOME LOAN MTG CORP	0.88%	01/03/2018	995,790
FEDERAL NATIONAL MTG ASSN	0.80%	01/30/2018	1,995,540
FEDERAL NATIONAL MTG ASSN	0.80%	01/30/2018	1,995,540
FEDERAL NATIONAL MTG ASSN	0.80%	02/13/2018	1,561,248
FEDERAL NATIONAL MTG ASSN	0.80%	02/13/2018	5,004,000
FEDERAL FARM CREDIT BANK	1.03%	03/12/2018	2,990,640
FEDERAL HOME LOAN BANK	0.75%	04/16/2018	3,000,180
FEDERAL HOME LOAN MTG CORP	1.02%	04/30/2018	5,961,840
FEDERAL FARM CREDIT BANK	0.95%	05/08/2018	497,470
FEDERAL NATIONAL MTG ASSN	1.05%	05/25/2018	1,991,320
FEDERAL NATIONAL MTG ASSN	3.59%	06/01/2018	397,195
FEDERAL HOME LOAN MTG CORP	1.00%	10/29/2018	1,997,660

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2015

	Interest Rate	Maturity Date	Market Value
FEDERAL HOME LOAN MTG CORP	1.00%	11/20/2018	6,242,750
FEDERAL HOME LOAN BANK	1.00%	06/19/2019	480,701
FEDERAL HOME LOAN BANK	1.25%	06/26/2019	1,001,290
FEDERAL HOME LOAN BANK	1.25%	08/27/2019	3,005,040
FEDERAL HOME LOAN BANK	1.25%	08/27/2019	1,161,949
FEDERAL NATIONAL MTG ASSN	0.00%	10/09/2019	7,300,831
FEDERAL NATIONAL MTG ASSN	1.92%	12/04/2019	1,505,640
FEDERAL HOME LOAN BANK	1.50%	12/30/2019	1,991,320
FEDERAL HOME LOAN BANK	1.00%	01/30/2020	4,996,950
FEDERAL HOME LOAN BANK	1.00%	01/30/2020	1,496,760
FEDERAL HOME LOAN BANK	1.00%	02/27/2020	997,740
FEDERAL HOME LOAN BANK	1.00%	02/27/2020	1,995,480
FEDERAL HOME LOAN BANK	1.13%	04/23/2020	2,098,047
FEDERAL HOME LOAN BANK	0.50%	06/18/2020	999,760

Total Government Agency Bonds 80,357,441

Municipal Obligations

VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	5.39%	07/01/2015	25,000
LOS ANGELES CA CMNTY CLG DIST	0.30%	08/01/2015	500,045
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	5.17%	08/01/2015	45,149
FAIRFAX CNTY VA PUB IMPT	3.10%	10/01/2015	50,322
SEASIDE HEIGHTS NJ	1.00%	10/20/2015	1,902,812
COUNTY OF MUSKEGON MI	4.00%	12/01/2015	3,273,504
KALAMAZOO MI	0.75%	12/01/2015	2,042,264
NEW YORK N Y GO BDS SER. 2006 I-2	5.45%	04/01/2016	1,863,810
VIRGINIA POLYTECH INST & UNV REVENUE	5.00%	06/01/2016	100,327
VIRGINIA ST PORT AUTH PORT FAC REV	1.02%	07/01/2016	199,996
RICHMOND VA	5.00%	07/15/2016	150,497
VIRGINIA ST RESOURCES AUTH INFRAS REV	4.47%	11/01/2016	141,525
ROANOKE VA	5.00%	02/01/2017	102,719
FALLS CHURCH VA GO PUB IMPT BDS SER.	4.00%	07/01/2017	426,428
LOUISIANA ST TAXABLEGO REF BDS SER	1.65%	07/15/2017	1,011,630
HAMDEN CONN GO BDS SER. 2009B	5.00%	08/15/2017	174,009
HONOLULU HAWAII CITY& CNTY GO BDS SER	1.26%	11/01/2017	1,877,218
HONOLULU HAWAII CITY& CNTY GO BDS SER	1.26%	11/01/2017	50,193
VA ST RESOURCES AUTH INFRA REV UNREF	5.00%	11/01/2017	54,865
ARLINGTON CNTY IDA REV	1.02%	12/15/2017	1,792,636
DENVER CO PUBLIC SCHS COPS	1.44%	12/15/2017	174,883
ARLINGTON CNTY VA GOPUB IMPT BDS SER	4.00%	01/15/2018	263,040
VIRGINIA COLLEGE BLDG AUTH VA EDL	3.20%	02/01/2018	760,412
VIRGINIA COLLEGE BLDG AUTH VA EDL	3.20%	02/01/2018	312,498
VIRGINIA COLLEGE BLDG AUTH VA EDL	4.25%	02/01/2018	575,863
HAWAII CNTY HAWAII GO BDS SER. 2010B	4.46%	03/01/2018	53,545
NORFOLK VA GO CAP IMPT BDS SER. 2010 B	4.40%	03/01/2018	1,620,435
KENTUCKY ASSET / LIABILITY COMMN GEN	1.69%	04/01/2018	1,343,898
KENTUCKY ASSET / LIABILITY COMMN GEN	1.69%	04/01/2018	199,096
VIRGINIA ST HSG DEV AUTH COMWLTH MTG M'	4.80%	04/01/2018	105,221
ARIZONA BRD REGENTS CTFB PARTN REF COF	2.48%	06/01/2018	1,118,772
MONTGOMERY CNTY VA ECONOMIC DEV AUTH	2.58%	06/01/2018	777,398

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2015

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
HAMPTON ROADS VA REGL JAIL AUTH REGL	1.78%	07/01/2018	503,140
RICHMOND VA PUB IMPT SER D	4.00%	07/15/2018	59,630
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	6.07%	08/01/2018	112,175
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	6.07%	08/01/2018	336,525
CALIFORNIA ST EARTHQUAKE AUTH	2.81%	07/01/2019	1,227,804
VIRGINIA PORT AUTH COMWLTH PORT FD REV	1.82%	07/01/2019	110,072
VIRGINIA ST HSG DEV AUTH COMWLTH MTG	5.00%	07/01/2019	266,500
VIRGINIA ST HSG DEV AUTH COMWLTH MTG	5.00%	07/01/2019	106,600
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	6.32%	08/01/2019	39,093
MASSACHUSETTS ST GO BDS SER. G	1.85%	11/01/2019	952,033
VA ST RESOURCES AUTH INFR REV	4.00%	11/01/2019	60,804
VIRGINIA BEACH VA GOPUB IMPT BDS SER.	4.15%	03/15/2020	109,603
CHESTERFIELD COUNTY VA	0.34%	08/01/2024	100,000
			<hr/>
		Total Municipal Obligations	<u>27,073,989</u>
Money Market Funds			
BANK OF GEORGETOWN	0.80%		14,841,097
CARDINAL BANK	0.60%		1,000,872
CHAIN BRIDGE BANK	0.50%		1,012,752
FIRST VIRGINIA COMMUNITY BANK	0.85%		17,133,883
EAGLE BANK	0.60%		5,001,825
JOHN MARSHALL BANK	0.65%		6,403,485
UNITED BANK	0.20%		19,047
			<hr/>
		Total Money Market Funds	<u>45,412,961</u>
Virginia State Non-Arbitrage Program (SNAP)			265,089,771
Virginia Investment Pool (VIP)			40,311,281
State Treasurer's Local Government Investment Pool			219,365
			<hr/>
TOTAL SECURITIES			<u><u>710,963,364</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate- %	Principal	Annual Amount	Maturity Date
General Obligation Debt: Serviced by General Fund:						
G.O. Public Improvement (\$61,335,000)		3/21/06				
Street & Highway	\$9,251,218		5.00	6,870,000	2,290,000	8/1/15-17
Parks and Recreation	13,600,000					
Neighborhood Conservation	5,690,578			<u>\$6,870,000</u>		
Fire Station	6,690,455					
Metrorail	<u>8,602,749</u>					
	<u>\$43,835,000</u>					
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06				
Street & Highway	\$6,167,233		5.00	5,112,625	5,112,625	08/01/15
Neighborhood Conservation	4,964,155		5.00	5,119,615	5,119,615	08/01/16
Parks and Recreation	17,209,390		5.00	3,050,565	3,050,565	08/01/17
Libraries	1,920,866					
Higher Education	2,028,391			<u>\$13,282,805</u>		
Fire Station	2,638,292					
Metrorail	<u>12,758,305</u>					
	<u>\$47,686,632</u>					
G.O. Public Improvement (\$117,360,000)		6/6/07				
Street & Highway	\$12,530,000		5.00	1,730,000	1,730,000	03/15/16
Neighborhood Conservation	4,000,000					
Government Facility Bond	2,200,000			<u>\$1,730,000</u>		
Parks and Recreation	<u>14,500,000</u>					
	<u>\$33,230,000</u>					
G.O. Public Improvement (\$111,185,000)		6/18/08				
Street & Highway	\$9,000,572		5.00	3,408,000	1,704,000	01/15/16-17
Neighborhood Conservation	2,019,854					
Parks and Recreation	6,700,000			<u>\$3,408,000</u>		
Library	6,000,000					
Metro	<u>8,980,574</u>					
	<u>\$32,701,000</u>					
G.O. Public Improvement (\$39,217,322)		8/15/10				
Neighborhood Conservation	\$4,817,322		5.00	775,000	775,000	08/15/15
Parks and Recreation	2,050,000		4.00	775,000	775,000	08/15/16
Metro	8,000,000		5.00	775,000	775,000	08/15/17
	<u>\$14,867,322</u>		3.00	595,312	595,312	08/15/18
			3.125	775,000	775,000	08/15/20
			3.625	475,000	475,000	08/15/24
			4.00	770,000	770,000	08/15/28
			4.00	770,000	770,000	08/15/29
				<u>\$5,710,312</u>		
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09				
Street & Highway	\$9,122,919		4.00	2,797,477	2,797,477	08/15/16
Neighborhood Conservation	2,195,414		5.00	2,794,665	2,794,665	08/15/17
Parks and Recreation	10,465,543		3.00	2,783,419	2,783,419	08/15/18
Fire	1,575,576					
Library	145,744			<u>\$8,375,561</u>		
Metro	<u>4,401,924</u>					
	<u>\$27,907,120</u>					

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

			Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
G.O. Public Improvement (\$65,650,000)		8/15/09				
Street & Highway	\$5,519,144	4.00	4,240,576	4,240,576	08/01/15	
Neighborhood Conservation	2,769,159	5.00	1,514,633	1,514,633	08/01/16	
Government Facility Bond	653,173	5.00	3,480,479	3,480,479	08/01/17	
Parks and Recreation	10,466,863	5.00	4,666,617	4,666,617	08/01/18	
Fire	1,686,726	5.00	1,694,502	1,694,502	08/01/19	
Library	1,130,373	5.00	1,695,615	1,695,615	08/01/20	
Metro	4,934,823					
	<u>\$27,160,261</u>			<u>\$17,292,422</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10				
Street & Highway	\$7,150,000	5.00	3,810,000	1,270,000	08/15/15-17	
Neighborhood Conservation	6,900,000	2.00	1,270,000	1,270,000	08/15/18	
Government Facility Bond	1,270,000	2.125	1,270,000	1,270,000	08/15/19	
Parks and Recreation	1,500,000	3.693	1,270,000	1,270,000	08/15/20	
Metro	7,542,000	3.993	1,270,000	1,270,000	08/15/21	
	<u>\$24,362,000</u>	4.193	1,270,000	1,270,000	08/15/22	
		4.393	1,270,000	1,270,000	08/15/23	
		4.593	1,270,000	1,270,000	08/15/24	
		4.693	1,270,000	1,270,000	08/15/25	
		5.301	6,325,000	1,265,000	08/15/26-30	
				<u>\$20,295,000</u>		
G.O. Public Improvement Refunding (65,870,000)		7/27/10				
Street & Highway	\$5,661,131	4.00	1,667,350	1,667,350	08/15/16	
Neighborhood Conservation	2,906,731	4.00	4,732,544	4,732,544	08/15/17	
Government Facility Bond	1,167,608	5.00	3,596,516	3,596,516	08/15/18	
Parks and Recreation	11,120,617	4.00	2,405,957	2,405,957	08/15/19	
Fire	1,486,736	5.00	7,087,694	7,087,694	08/15/20	
Library	2,204,188	5.00	6,995,352	6,995,352	08/15/21	
Metro	3,577,903	3.00	1,639,501	1,639,501	08/15/22	
	<u>\$28,124,914</u>			<u>\$28,124,914</u>		
G.O. Public Improvement (\$127,000,000)		6/28/11				
Street & Highway	\$10,669,428	2.00/4.00	3,685,000	3,685,000	08/15/15	
Neighborhood Conservation	6,400,000	4.00	3,685,000	3,685,000	08/15/16	
Government Facility Bond	4,675,000	4.00/5.00	3,685,000	3,685,000	08/15/17	
Parks and Recreation	39,005,572	4.00	3,685,000	3,685,000	08/15/18	
Metro	10,000,000	5.00	3,685,000	3,685,000	08/15/19	
	<u>\$70,750,000</u>	3.00/5.00	3,685,000	3,685,000	08/15/20	
		4.00/5.00	1,632,130	1,632,130	08/15/21	
		4.00/5.00	3,614,352	3,614,352	08/15/23	
		3.00/3.25	3,685,000	3,685,000	08/15/24	
		3.40	3,685,000	3,685,000	08/15/25	
		3.55	3,685,000	3,685,000	08/15/26	
		4.00	11,055,000	3,685,000	08/15/28-30	
		4.00/3.875/5.00	3,685,000	3,685,000	08/15/31	
				<u>\$53,151,482</u>		
G.O. Public Improvement Refunding (\$106,445,000)		2/22/12				
Street & Highway	\$6,073,372	4.00/3.00	5,760,000	5,760,000	08/01/19	
Neighborhood Conservation	4,851,013	4.00/3.00	3,165,000	3,165,000	08/01/21	
Government Facility Bond	959,373	5.00	11,955,000	11,955,000	08/01/22	
Parks and Recreation	15,124,026	5.00	9,240,000	9,240,000	08/15/23	
Fire Station	1,349,591	5.00	7,175,000	7,175,000	08/15/24	
Library	1,152,494	5.00	2,280,000	2,280,000	08/15/25	
Metro	10,065,131					
	<u>\$39,575,000</u>			<u>\$39,575,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

			Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
G.O. Public Improvement Refunding (\$108,140,000)	6/20/12				
Street & Highway	\$6,150,000	5.00	355,950	355,950	08/15/15
Neighborhood Conservation	4,000,000	5.00	3,559,500	3,559,500	08/15/16
Government Facility Bond	4,435,000	5.00	2,313,675	2,313,675	08/15/17
Parks and Recreation	11,010,000	5.00	7,830,900	1,957,725	08/15/18-21
Metro	10,000,000	5.00	1,957,725	1,957,725	08/15/26
	<u>\$35,595,000</u>	4.00	7,830,900	1,957,725	08/15/27-30
		5.00	3,915,450	1,957,725	08/15/31-32
			<u>\$27,764,100</u>		
G.O. Public Improvement (\$93,975,000)	5/9/13				
Street & Highway	\$11,190,000	4.00	6,545,000	6,545,000	08/01/15
Neighborhood Conservation	4,000,000	4.00	2,485,000	2,485,000	08/01/16
Government Facility Bond	11,395,000	5.00	14,910,000	2,485,000	08/01/17-22
Parks and Recreation	15,410,000	5.00	7,440,000	2,480,000	08/01/25-27
Metro	10,000,000	4.00	12,400,000	2,480,000	08/01/28-32
	<u>\$51,995,000</u>				
			<u>\$43,780,000</u>		
G.O. Public Improvement Refunding (\$30,320,000)	5/9/13				
Street & Highway	\$2,411,674	4.00	230,000	230,000	08/01/24
Neighborhood Conservation	982,015	5.00	2,830,000	2,830,000	08/01/25
Government Facility Bond	380,957	5.00	4,980,000	4,980,000	08/01/26
Parks and Recreation	3,618,568	4.00	3,000,000	3,000,000	08/01/27
Fire station	164,926				
Library	457,644				
Metro	3,024,216				
	<u>\$11,040,000</u>				
			<u>\$11,040,000</u>		
G.O. Public Improvement Refunding (\$81,255,000)	5/9/13				
Street & Highway	\$10,194,261	0.450	6,235,000	6,235,000	08/01/15
Neighborhood Conservation	6,878,456	0.606	6,005,000	6,005,000	08/01/16
Parks and Recreation	15,956,083	0.776	2,430,000	2,430,000	08/01/17
Fire station	1,564,102	1.076	6,610,000	6,610,000	08/01/18
Library	1,591,281	1.339	6,335,000	6,335,000	08/01/19
Metro	8,060,817	1.659	6,275,000	6,275,000	08/01/20
	<u>\$44,245,000</u>	1.925	3,310,000	3,310,000	08/01/21
		2.075	2,245,000	2,245,000	08/01/22
		2.225	1,345,000	1,345,000	08/01/23
		2.320	880,000	880,000	08/01/24
		2.470	860,000	860,000	08/01/25
		2.620	635,000	635,000	08/01/26
			<u>\$43,165,000</u>		
G.O. Public Improvement (\$64,910,000)	5/28/14				
Street & Highway	\$7,405,000	5.000	1,115,000	1,115,000	02/15/16
Neighborhood Conservation	5,000,000	5.000	9,765,000	1,395,000	02/15/17-23
Parks and Recreation	3,640,000	3.000	1,395,000	1,395,000	02/15/24
Government Facility Bond	5,705,000	3.000	1,390,000	1,390,000	02/15/25
Metro	5,000,000	3.000	2,790,000	1,395,000	02/15/26-27
	<u>\$26,750,000</u>	4.000	1,395,000	1,395,000	02/15/28
		3.000	1,395,000	1,395,000	02/15/29
		3.750	6,950,000	1,390,000	02/15/30-34
			<u>\$26,195,000</u>		
G.O. Public Improvement Refunding (\$40,455,000)	5/28/14				
Street & Highway	\$3,177,905	5.000	1,940,000	1,940,000	02/15/21
Neighborhood Conservation	1,633,800	5.000	1,885,000	1,885,000	02/15/22
Parks and Recreation	7,423,080	5.000	8,720,000	4,360,000	02/15/23-24
Government Facility Bond	2,326,465	5.000	1,875,000	1,875,000	02/15/25
Metro	3,403,750	5.000	3,545,000	3,545,000	02/15/27
	<u>\$17,965,000</u>				
			<u>\$17,965,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

			Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
G.O. Public Improvement (\$77,440,000)		6/17/15				
Street & Highway	\$9,370,000		4.000	930,000	930,000	08/15/15
Neighborhood Conservation	3,000,000		4.000	1,860,000	1,860,000	08/15/16
Parks and Recreation	5,705,000		4.000	20,835,000	2,315,000	08/15/17-25
Government Facility Bond	18,365,000		3.000	4,630,000	2,315,000	08/15/26-27
Metro	8,000,000		4.000	2,315,000	2,315,000	08/15/28
	<u>\$44,440,000</u>		3.500	4,630,000	2,315,000	08/15/29-30
			3.500	2,310,000	2,310,000	08/15/31
			3.750	6,930,000	2,310,000	08/15/32-34
				<u>\$44,440,000</u>		
SUBTOTAL:				<u>\$ 412,164,596</u>		
FY 2004 Bond Premium to be amortized				995,553		
FY 2005 Bond Premium to be amortized				2,108,557		
FY 2006 Bond Premium to be amortized				904,390		
FY 2007 Bond Premium to be amortized				270,296		
FY 2008 Bond Premium to be amortized				969,475		
FY 2010 Bond Premium to be amortized				704,528		
FY 2011 Bond Premium to be amortized				5,167,020		
FY 2012 Bond Premium to be amortized				5,490,193		
FY 2013 Bond Premium to be amortized				10,248,792		
FY 2014 Bond Premium to be amortized				2,319,968		
FY 2015 Bond Premium to be amortized				3,415,826		
Total GO Bonds Serviced by General Fund:				<u>\$444,759,194</u>		
IDA Revenue Bond (\$41,280,000)		12/15/10				
Metro Matters	\$26,000,000		2.50	1,265,000	1,265,000	12/15/15
Buckingham Village I	15,280,000		2.75	1,295,000	1,295,000	12/15/16
	<u>\$41,280,000</u>		4.70	1,330,000	1,330,000	12/15/17
			4.90	1,370,000	1,370,000	12/15/18
			5.00	1,415,000	1,415,000	12/15/19
			5.10	1,460,000	1,460,000	12/15/20
			5.20	1,510,000	1,510,000	12/15/21
			5.30	1,560,000	1,560,000	12/15/22
			5.40	1,615,000	1,615,000	12/15/23
			6.00	1,670,000	1,670,000	12/15/24
			6.00	1,735,000	1,735,000	12/15/25
			6.00	1,805,000	1,805,000	12/15/26
			6.00	1,875,000	1,875,000	12/15/27
			6.00	1,950,000	1,950,000	12/15/28
			6.00	2,025,000	2,025,000	12/15/29
			6.20	2,110,000	2,110,000	12/15/30
			6.20	2,195,000	2,195,000	12/15/31
			6.20	2,285,000	2,285,000	12/15/32
			6.20	2,380,000	2,380,000	12/15/33
			6.20	2,475,000	2,475,000	12/15/34
				<u>\$35,325,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

		Bonds Outstanding:	Payments:		
		(Relates to total amount)	(Relates to total amount)		
IDA Revenue Bond (\$11,940,000)		12/15/10			
FS #3, Arlington Mill and Buckingham Park	<u>\$11,940,000</u>	3.00	1,875,000	625,000	2/15/16-18
		4.00	625,000	625,000	2/15/19
		4.00	2,480,000	620,000	2/15/20-23
		4.125	620,000	620,000	2/15/24
		4.375	620,000	620,000	2/15/25
		4.50	620,000	620,000	2/15/26
		4.625	620,000	620,000	2/15/27
		4.75	620,000	620,000	2/15/28
		5.00	1,860,000	620,000	2/15/29-31
			<u>\$9,940,000</u>		
IDA Revenue Bond (\$76,315,000)		6/3/13			
Refunding 2004 IDA	\$23,930,000	3.00/75	3,040,000	3,040,000	12/15/15
\$2,020	20,250,000	3.00/832	3,025,000	3,025,000	12/15/16
Buckingham Village 3	<u>\$32,135,000</u>	5.00/1.02	3,005,000	3,005,000	12/15/17
		5.00/1.37	3,010,000	3,010,000	12/15/18
		5.00/1.74	3,020,000	3,020,000	12/15/19
		5.00/1.99	3,030,000	3,030,000	12/15/20
		5.00/2.43	3,040,000	3,040,000	12/15/21
		5.00/2.58	3,055,000	3,055,000	12/15/22
		5.00/2.73	3,060,000	3,060,000	12/15/23
		5.00/2.93	3,080,000	3,080,000	12/15/24
		3.08	1,955,000	1,955,000	12/15/25
		3.48	1,985,000	1,985,000	12/15/26
		3.48	2,015,000	2,015,000	12/15/27
		3.48	2,050,000	2,050,000	12/15/28
		4.01	2,085,000	2,085,000	12/15/29
		4.01	2,130,000	2,130,000	12/15/30
		4.01	2,175,000	2,175,000	12/15/31
		4.01	2,220,000	2,220,000	12/15/32
		4.11	1,205,000	1,205,000	12/15/33
		4.11	1,255,000	1,255,000	12/15/34
		4.11	1,310,000	1,310,000	12/15/35
		4.11	1,365,000	1,365,000	12/15/36
		4.11	1,420,000	1,420,000	12/15/37
		4.11	1,480,000	1,480,000	12/15/38
		4.11	1,545,000	1,545,000	12/15/39
		4.11	1,610,000	1,610,000	12/15/40
		4.11	1,675,000	1,675,000	12/15/41
		4.11	1,745,000	1,745,000	12/15/42
			<u>\$61,590,000</u>		
Total IDA Revenue Bonds Serviced by General Fund			<u>\$106,855,000</u>		
Compensated Absences			<u>33,783,981</u>		
Estimated Liability for Workers' Comp Claims & Other Judgments			<u>3,558,047</u>		
Serviced by General Fund-Capital Leases			<u>15,938,583</u>		
Total General Obligation Debt Serviced by General Fund:			<u>604,894,805</u>		
Due in one year			<u>(51,583,302)</u>		
Total Long Term Liabilities -General Fund			<u>\$553,311,503</u>		
Serviced by School Operating Fund:					
G.O. Public Improvement (\$61,335,000)		3/21/06			
School Improvements	<u>\$17,500,000</u>	5.00	2,625,000	875,000	8/1/15-17
			<u>\$2,625,000</u>		
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06			
School Improvements	<u>\$39,169,607</u>	5.00	4,002,279	4,002,279	08/01/15
		5.00	4,007,190	4,007,190	08/01/16
		5.00	2,482,380	2,482,380	08/01/17
			<u>\$10,491,849</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

			Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
G.O. Public Improvement (\$117,360,000)		6/6/07			
School Improvements	<u>\$16,630,000</u>		5.00	830,000	830,000 03/15/16
				<u>\$830,000</u>	
G.O. Public Improvement (\$111,185,000)		6/18/08			
School Improvements	<u>\$51,076,000</u>		5.00	5,110,000	2,555,000 01/15/2016-17
				<u>\$5,110,000</u>	
G.O. Public Improvement (\$39,217,322)		8/15/09			
School Improvements	<u>\$24,350,000</u>		5.00	1,220,000	1,220,000 08/15/15
			4.00	1,220,000	1,220,000 08/15/16
			5.00	1,220,000	1,220,000 08/15/17
			3.00	939,688	939,688 08/15/18
			3.125	1,215,000	1,215,000 08/15/20
			3.625	745,000	1,215,000 08/15/24
			4.00	1,215,000	1,215,000 08/15/28
			4.00	1,215,000	1,215,000 08/15/29
				<u>\$8,989,688</u>	
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09			
School Improvements	<u>\$11,455,110</u>		4.00	1,854,737	1,854,737 08/15/16
			5.00	1,852,873	1,852,873 08/15/17
			3.00	1,845,418	1,845,418 08/15/18
				<u>\$5,553,028</u>	
G.O. Public Improvement Refunding (\$65,650,000)		8/15/09			
School Improvements	<u>\$27,608,536</u>		4.00	3,412,263	3,412,263 08/15/15
			5.00	1,471,266	1,471,266 08/15/16
			5.00	2,651,482	2,651,482 08/15/17
			5.00	4,631,381	4,631,381 08/15/18
			5.00	2,540,397	2,540,397 08/15/19
			5.00	2,544,916	2,544,916 08/15/20
				<u>\$17,251,705</u>	
Schools- QSCB (\$3,390,000)		7/6/10			
School Improvements	<u>\$3,390,000</u>		5.31	2,400,000	200,000 08/01/15-27
				<u>\$2,400,000</u>	
G.O. Public Improvement (\$73,415,000)		7/27/10			
School Improvements	<u>\$30,703,000</u>		5.00	4,605,000	1,535,000 08/15/15-17
			2.00	1,535,000	1,535,000 08/15/18
			2.125	1,535,000	1,535,000 08/15/19
			3.693	1,535,000	1,535,000 08/15/20
			3.993	1,535,000	1,535,000 08/15/21
			4.193	1,535,000	1,535,000 08/15/22
			4.393	1,535,000	1,535,000 08/15/23
			4.593	1,535,000	1,535,000 08/15/24
			4.693	1,535,000	1,535,000 08/15/25
			5.301	7,675,000	1,535,000 08/15/26-30
				<u>\$24,560,000</u>	
G.O. Public Improvement Refunding (\$65,870,000)		7/27/10			
School Improvements	<u>\$25,408,254</u>		4.00	799,942	799,942 08/15/16
			4.00	4,991,847	4,991,847 08/15/17
			5.00	2,713,871	2,713,871 08/15/18
			4.00	2,734,043	2,734,043 08/15/19

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

		Bonds Outstanding:	Payments:	
		(Relates to total amount	(Relates to total amount	
		5.00	5,201,560	5,201,560 08/15/20
		5.00	6,061,492	6,061,492 08/15/21
		3.00	1,550,499	1,550,499 08/15/22
		3.125	1,355,000	1,355,000 08/15/23
			\$25,408,254	
G.O. Public Improvement (\$127,000,000)	6/28/11			
School Improvements	<u>\$44,450,000</u>	2.00/4.00	2,225,000	2,225,000 08/15/15
		4.00	2,225,000	2,225,000 08/15/16
		4.00/5.00	2,225,000	2,225,000 08/15/17
		4.00	2,225,000	2,225,000 08/15/18
		5.00	2,225,000	2,225,000 08/15/19
		3.00/5.00	2,225,000	2,225,000 08/15/20
		4.00/5.00	985,479	985,479 08/15/21
		4.00/5.00	2,177,440	2,177,440 08/15/23
		3.00/3.25	2,220,000	2,220,000 08/15/24
		3.40	2,220,000	2,220,000 08/15/25
		3.55	2,220,000	2,220,000 08/15/26
		4.00	6,660,000	2,220,000 08/15/28-30
		4.00/3.875/5.00	2,220,000	2,220,000 08/15/31
			\$32,052,919	
G.O. Public Improvement Refunding (\$106,445,000)	2/22/12			
School Improvements	<u>\$39,255,000</u>	4.00/3.00	3,065,000	3,065,000 08/01/19
		4.00/3.00	3,125,000	3,125,000 08/01/21
		5.00	9,015,000	9,015,000 08/01/22
		5.00	7,650,000	7,650,000 08/15/23
		5.00	7,525,000	7,525,000 08/15/24
		5.00	3,365,000	3,365,000 08/15/25
			3,770,000	3,770,000 08/15/26
			1,740,000	1,740,000 08/15/27
			\$39,255,000	
G.O. Public Improvement (\$108,140,000)	6/20/12			
School Improvements	<u>\$65,145,000</u>	5.00	3,259,050	3,259,050 08/15/15
		5.00	3,255,500	3,255,500 08/15/16
		5.00	3,256,325	3,256,325 08/15/17
		5.00	13,029,100	3,257,275 08/15/18-21
		5.00	3,257,275	3,257,275 08/15/26
		4.00	13,029,100	3,257,275 08/15/27-30
		5.00	6,514,550	3,257,275 08/15/31-32
			\$45,600,900	
G.O. Public Improvement (\$93,975,000)	5/9/13			
School Improvements	<u>\$38,380,000</u>	4.00	3,830,000	1,915,000 08/01/15-16
		5.00	9,600,000	1,920,000 08/01/17-21
		5.00	7,680,000	1,920,000 08/01/24-27
		4.00	7,680,000	1,920,000 08/01/28-31
		4.00	1,915,000	1,915,000 08/01/32
			\$30,705,000	
G.O. Public Improvement Refunding (\$30,320,000)	5/9/13			
School Improvements	<u>\$11,590,000</u>	4.00	240,000	240,000 08/01/24
		5.00	2,975,000	2,975,000 08/01/25
		5.00	5,225,000	5,225,000 08/01/26
		4.00	3,150,000	3,150,000 08/01/27
			\$11,590,000	

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

		Bonds Outstanding:	Payments:	
		(Relates to total amount)	(Relates to total amount)	
G.O. Public Improvement Refunding (\$81,255,000)	5/9/13			
School Improvements	<u>\$33,505,000</u>	0.450	4,825,000	4,825,000 08/01/15
		0.606	4,645,000	4,645,000 08/01/16
		0.776	2,630,000	2,630,000 08/01/17
		1.076	5,845,000	5,845,000 08/01/18
		1.339	4,885,000	4,885,000 08/01/19
		1.659	3,840,000	3,840,000 08/01/20
		1.925	1,655,000	1,655,000 08/01/21
		2.075	1,325,000	1,325,000 08/01/22
		2.225	525,000	525,000 08/01/23
		2.320	925,000	925,000 08/01/24
		2.470	900,000	900,000 08/01/25
		2.620	670,000	670,000 08/01/26
			<u>\$32,670,000</u>	
G.O. Public Improvement (\$64,910,000)	5/28/14			
School Improvements	<u>\$36,460,000</u>	5.000	1,820,000	1,820,000 02/15/16
		5.000	12,775,000	1,825,000 02/15/2017-23
		3.000	1,825,000	1,825,000 02/15/24
		3.000	1,825,000	1,825,000 02/15/25
		3.000	3,650,000	1,825,000 02/15/2026-27
		4.000	1,825,000	1,825,000 02/15/28
		3.000	1,820,000	1,820,000 02/15/29
		3.750	9,100,000	1,820,000 02/15/2030-34
			<u>\$34,640,000</u>	
G.O. Public Improvement Refunding (\$40,455,000)	5/28/14			
School Improvements	\$19,725,000	5.000	1,170,000	1,170,000 02/15/21
		5.000	3,135,000	3,135,000 02/15/22
		5.000	10,170,000	5,085,000 02/15/2023-24
		5.000	3,115,000	3,115,000 02/15/25
		5.000	2,135,000	2,135,000 02/15/27
			<u>\$19,725,000</u>	
G.O. Public Improvement (\$77,440,000)	6/17/15			
School Improvements	\$30,000,000	4.000	1,500,000	1,500,000 08/15/15
		4.000	1,500,000	1,500,000 08/15/16
		4.000	13,500,000	1,500,000 08/15/17-25
		3.000	3,000,000	1,500,000 08/15/26-27
		4.000	1,500,000	1,500,000 08/15/28
		3.500	3,000,000	1,500,000 08/15/29-30
		3.500	1,500,000	1,500,000 08/15/31
		3.750	4,500,000	1,500,000 08/15/32-34
			<u>\$30,000,000</u>	
SUB TOTAL			<u>\$379,458,343</u>	
FY 2004 Bond Premium to be amortized			653,570	
FY 2005 Bond Premium to be amortized			1,463,585	
FY 2006 Bond Premium to be amortized			320,466	
FY 2007 Bond Premium to be amortized			154,318	
FY 2008 Bond Premium to be amortized			1,565,097	
FY 2010 Bond Premium to be amortized			1,112,180	
FY 2011 Bond Premium to be amortized			3,470,311	
FY 2012 Bond Premium to be amortized			9,294,491	
FY 2013 Bond Premium to be amortized			5,691,833	

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

			Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
FY 2014 Bond Premium to be amortized			3,097,754			
FY 2015 Bond Premium to be amortized			2,231,490			
Total Serial Bonds Serviced by School Operating Fund:			408,513,438			
Compensated Absences			36,885,787			
Capital Leases Serviced by Schools			4,111,404			
Total General Obligation Debt Serviced by School Operating Fund:			449,510,629			
Due in one year			(37,857,662)			
Total Long Term Liabilities - Schools			411,652,967			
Total General Obligation Debt Serviced by General Fund and School Operating Fund:			\$964,964,470			
Serviced by Utilities Fund:						
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06				
Water share	\$1,211,244		5.00	435,096	435,096	08/01/15
Sewer share	487,761		5.00	433,194	433,194	08/01/16
Advanced Water Treatment	1,414,755		5.00	222,055	222,055	08/01/17
	<u>\$3,113,760</u>			<u>\$1,090,345</u>		
G.O. Public Improvement (\$117,360,000)		6/6/07				
Water share	\$9,000,000		5.00	3,515,000	3,515,000	03/15/16
Sewer share	10,000,000					
Advanced Water Treatment	48,500,000					
	<u>\$67,500,000</u>			<u>\$3,515,000</u>		
G.O. Public Improvement (\$111,185,000)		6/18/08				
Advanced Water Treatment	\$27,408,000		5.00	1,191,000	1,191,000	01/15/16
			5.00	1,251,000	1,251,000	01/15/17
				<u>\$2,442,000</u>		
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09				
Water share	\$1,327,147		4.00	322,786	322,786	08/15/16
Advanced Water Treatment	573,301		5.00	322,461	322,461	08/15/17
	<u>\$1,900,448</u>		3.00	321,164	321,164	08/15/18
				<u>\$966,411</u>		
G.O. Public Improvement Refunding (\$65,650,000)		8/15/09				
Water share	\$1,765,156		5.00	557,161	557,161	08/01/15
Sewer share	953,197		4.00	234,101	234,101	08/01/16
Advanced Water Treatment	8,162,851		5.00	3,343,039	3,343,039	08/01/17
	<u>\$10,881,204</u>		3.00	1,502,001	1,502,001	08/01/18
			4.00	1,430,101	1,430,101	08/01/19
			3.125	1,499,469	1,499,469	08/01/20
				<u>\$8,565,872</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10				
Water share	\$4,000,000		5.00	2,865,000	955,000	08/15/15-17
Advanced Water Treatment	14,350,000		2.00	960,000	960,000	08/15/18
	<u>\$18,350,000</u>		2.125	955,000	955,000	08/15/19
			3.693	955,000	955,000	08/15/20
			3.993	955,000	955,000	08/15/21
			4.193	955,000	955,000	08/15/22
			4.393	955,000	955,000	08/15/23
			4.593	955,000	955,000	08/15/24
			4.693	955,000	955,000	08/15/25

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

		Bonds Outstanding:		Payments:	
		(Relates to total amount		(Relates to total amount	
		5.301	4,775,000	955,000	08/15/26-30
		<u>\$15,285,000</u>			
G.O. Public Improvement Refunding (\$65,870,000)	7/27/10				
Water share	\$1,211,039	4.00	3,387,708	3,387,708	08/15/16
Sewer share	1,243,833	4.00	1,505,609	1,505,609	08/15/17
Advanced Water Treatment	<u>9,881,960</u>	5.00	3,449,613	3,449,613	08/15/18
	<u>\$12,336,832</u>	5.00	3,685,746	3,685,746	08/15/20
		5.00	308,156	308,156	08/15/21
		<u>\$12,336,832</u>			
G.O. Public Improvement (\$127,000,000)	6/28/11				
Advanced Water Treatment	<u>\$11,800,000</u>	2.00/4.00	615,000	615,000	08/15/15
		4.00	615,000	615,000	08/15/16
		4.00/5.00	615,000	615,000	08/15/17
		4.00	615,000	615,000	08/15/18
		5.00	615,000	615,000	08/15/19
		3.00/5.00	615,000	615,000	08/15/20
		4.00/5.00	272,391	272,391	08/15/21
		4.00/5.00	603,209	603,209	08/15/23
		3.00/3.25	615,000	615,000	08/15/24
		3.40	615,000	615,000	08/15/25
		3.55	615,000	615,000	08/15/26
		4.00	1,845,000	615,000	08/15/28-30
		4.00/3.875/5.00	610,000	610,000	08/15/31
		<u>\$8,865,600</u>			
G.O. Public Improvement Refunding (\$106,445,000)	2/22/12				
Water share	\$2,696,098	4.00/3.00	3,440,000	3,440,000	08/01/19
Sewer share	2,944,245	4.00/3.00	4,700,000	4,700,000	08/01/21
Advanced Water Treatment	<u>21,974,657</u>	5.00	5,910,000	5,910,000	08/01/22
	<u>\$27,615,000</u>	5.00	5,390,000	5,390,000	08/15/23
		5.00	4,975,000	4,975,000	08/15/24
		5.00	3,200,000	3,200,000	08/15/25
		<u>\$27,615,000</u>			
G.O. Public Improvement Refunding (\$108,140,000)	6/20/12				
Advanced Water Treatment	<u>\$7,400,000</u>	5.00	2,695,000	385,000	08/15/2015-21
		5.00	385,000	385,000	08/15/26
		4.00	1,540,000	385,000	08/15/27-30
		5.00	770,000	385,000	08/15/31-32
		<u>\$5,390,000</u>			
G.O. Public Improvement (\$93,975,000)	5/9/13				
Water share	<u>\$3,600,000</u>	4.00	360,000	180,000	08/01/15-16
		5.00	1,080,000	180,000	08/01/17-22
		5.00	540,000	180,000	08/01/25-27
		4.00	900,000	180,000	08/01/28-32
		<u>\$2,880,000</u>			
G.O. Public Improvement Refunding (\$30,320,000)	5/9/13				
Water share	\$380,262	4.00	160,000	160,000	08/01/24
Sewer share	422,514	5.00	1,975,000	1,975,000	08/01/25
Advanced Water Treatment	<u>6,887,224</u>	5.00	3,465,000	3,465,000	08/01/26
	<u>\$7,690,000</u>	4.00	2,090,000	2,090,000	08/01/27
		<u>\$7,690,000</u>			

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

		Bonds Outstanding:	Payments:	
		(Relates to total amount)	(Relates to total amount)	
G.O. Public Improvement Refunding (\$81,255,000)	5/9/13			
Water share	\$697,476	0.450	355,000	355,000 08/01/15
Sewer share	1,641,858	0.606	340,000	340,000 08/01/16
Advanced Water Treatment	1,165,666	0.776	265,000	265,000 08/01/17
	<u>\$3,505,000</u>	1.076	345,000	345,000 08/01/18
		1.339	250,000	250,000 08/01/19
		1.659	210,000	210,000 08/01/20
		2.225	15,000	15,000 08/01/23
		2.320	615,000	615,000 08/01/24
		2.470	600,000	600,000 08/01/25
		2.620	450,000	450,000 08/01/26
			<u>\$3,445,000</u>	
G.O. Public Improvement (\$64,910,000)	5/28/14			
Water share	<u>\$1,700,000</u>	5.000	85,000	85,000 02/15/16
		5.000	595,000	85,000 02/15/2017-23
		3.000	85,000	85,000 02/15/24
		3.000	85,000	85,000 02/15/25
		3.000	170,000	85,000 02/15/2026-27
		4.000	85,000	85,000 02/15/28
		3.000	85,000	85,000 02/15/29
		3.750	425,000	85,000 02/15/2030-34
			<u>\$1,615,000</u>	
G.O. Public Improvement Refunding (\$40,455,000)	5/28/14			
Water share	<u>\$2,765,000</u>	5.000	325,000	325,000 02/15/21
		5.000	370,000	370,000 02/15/22
		5.000	1,110,000	555,000 02/15/2023-24
		5.000	370,000	370,000 02/15/25
		5.000	590,000	590,000 02/15/27
			<u>\$2,765,000</u>	
G.O. Public Improvement (\$77,440,000)	6/17/15			
Water share	<u>\$3,000,000</u>	4.000	150,000	150,000 08/15/15
		4.000	150,000	150,000 08/15/16
		4.000	1,350,000	150,000 08/15/17-25
		3.000	300,000	150,000 08/15/26-27
		4.000	150,000	150,000 08/15/28
		3.500	300,000	150,000 08/15/29-30
		3.500	150,000	150,000 08/15/31
		3.750	450,000	150,000 08/15/32-34
			<u>\$3,000,000</u>	
SUBTOTAL:			<u>\$107,467,060</u>	
FY 2005 Bond Premium to be amortized			252,330	
FY 2007 Bond Premium to be amortized			548,557	
FY 2008 Bond Premium to be amortized			714,493	
FY 2011 Bond Premium to be amortized			1,243,693	
FY 2012 Bond Premium to be amortized			1,086,855	
FY 2013 Bond Premium to be amortized			533,728	

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

	Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)
FY 2014 Bond Premium to be amortized	144,335	
FY 2014 Bond Premium to be amortized	223,149	
	<hr/>	
Total Serial Bonds Serviced by Utilities Fund:	112,214,200	
Compensated Absences - Utilities Fund	1,225,306	
Bond and VRA interest payable - Utilities Fund	3,787,326	
Capital Leases serviced by Utilities Fund	113,814	
VRA Loans payable	219,832,909	
	<hr/>	
Total Long Term Obligations Serviced by Utilities Fund:	337,173,555	
Compensated Absences - Internal Service funds	526,923	
Compensated Absences - CPHD Development Fund	648,550	
Capital Leases serviced by Auto Equipment Fund	4,524,922	
	<hr/>	
SUBTOTAL:	342,873,950	
Revenue Bonds-Serviced by Ballston Public Garage Fund	7,000,000	
Bond and mortgage interest payable	25,943,013	
Mortgage Payable-Ballston Public Garage Fund	3,429,679	
	<hr/>	
Total Business-type Activities Obligations:	379,246,642	
Due in one year	(57,805,934)	
Total Business-type Activities long Term Obligations:	\$321,440,708	
	<hr/>	
TOTAL LONG TERM OBLIGATIONS:	\$1,286,405,178	
	<hr/>	

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
 JUNE 30, 2015

<u>FISCAL YEAR</u>	<u>REAL ESTATE</u>	<u>PERSONAL PROPERTY</u>	<u>TOTAL</u>
2015	\$74,346	\$722,718	\$797,064
2014	57,437	450,897	508,334
2013	26,826	319,492	346,318
2012	813	299,323	300,136
2011	34	243,630	243,664
2010	35	-	35
2009	747	-	747
2008	700	-	700
2007	70	-	70
2006	-	-	-
2005	-	-	-
2004	51	-	51
2003	51	-	51
TOTAL	<u>\$161,110</u>	<u>\$2,036,060</u>	<u>\$2,197,170</u>

NOTES:

Figures are rounded to the nearest dollar

The amounts of delinquent real and personal property taxes receivable at June 30, 2015 are presented on the basis of the County's fiscal years during which such taxes became due.

The delinquent real estate taxes for the fiscal year consist of all taxes which were levied for the prior calendar year, and for the nineteen years preceding, which remain uncollected as of the close of the fiscal year.

The delinquent personal property taxes for the fiscal year consist of all taxes which were levied for the prior calendar year, and for the four years preceding, which remain uncollected as of the close of the fiscal year.

The amounts of delinquent taxes include the original levy and subsequent adjustment for penalties. The penalty balances for real and personal property taxes totaled \$12,372 and \$424,542 respectively.

ARLINGTON COUNTY, VIRGINIA
REAL ESTATE AND PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Current Tax Levy	Current Taxes Not Collected	Current Taxes Collected	Percent of Levy Collected	Collection of Prior Year's Taxes In Current Year	Total Taxes Collected	Total Collections As % of Current Levy	Write-Offs and Adjustments	Deferred Taxes	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as % of Total Levy
2006	479,686,828	3,152,135	476,534,693	99.34%	3,077,161	479,611,854	99.98%	1,176,489	882,123	5,472,146	1.14%
2007	528,570,144	2,707,065	525,863,079	99.49%	3,264,676	529,127,755	100.11%	1,045,194	1,069,831	4,861,433	0.92%
2008	577,353,341	2,881,468	574,471,873	99.50%	3,285,410	577,757,283	100.07%	829,482	1,259,192	4,645,017	0.80%
2009	620,724,099	3,508,418	617,215,681	99.43%	3,555,509	620,771,190	100.01%	885,868	1,476,023	4,445,528	0.72%
2010	631,481,234	2,753,079	628,728,155	99.56%	2,965,008	631,693,163	100.03%	1,074,788	1,450,150	4,107,640	0.65%
2011	653,198,268	2,147,274	651,050,994	99.67%	3,259,661	654,310,655	100.17%	924,343	1,391,658	3,596,781	0.55%
2012	701,019,137	1,585,301	699,433,836	99.77%	3,158,923	702,592,759	100.22%	1,016,583	1,362,159	3,358,566	0.48%
2013	754,569,203	4,983,622	749,585,581	99.34%	2,803,775	752,389,356	99.71%	1,016,583	1,362,159	3,107,347	0.41%
2014	787,485,043	2,623,869	786,541,395	99.88%	1,427,125	787,968,521	100.06%	822,356	2,496,535	2,623,869	0.33%
2015	812,023,501	797,064	811,226,437	99.90%	2,036,061	813,262,498	100.15%	817,426	2,830,484	2,197,169	0.27%

NOTES:

"Total Current Tax Levy" reflects current and delinquent taxes assessed in the current period less changes in the amount of deferred Real Estate taxes, plus penalties assessed for the current and prior years.

"Current Taxes Not Collected" consists of delinquent taxes plus first installment real estate taxes receivable.

"Current Taxes Collected" reflects the amount of a fiscal year's tax levy collected during each fiscal year.

"Total Taxes Collected" reflects "Current Taxes Collected" plus collection of prior year's taxes and penalties in the current year plus reimbursements from the Commonwealth for the Personal Property Tax Relief Act.

Delinquent personal property taxes are collectible for 5 years, delinquent real estate taxes for 20 years.

Source: Arlington County Treasurer's Office

ARLINGTON COUNTY, VIRGINIA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE (1)
 JUNE 30, 2015

	<u>Governmental Funds</u>
Governmental funds capital assets:	
Land	\$166,368,885
Infrastructure	625,022,572
Buildings	349,395,132
Furniture, fixtures and equipment	195,478,407
Construction in Progress	191,069,264
Intangibles	<u>4,948,927</u>
Total governmental funds capital assets	<u><u>\$1,532,283,187</u></u>
Investments in governmental funds capital assets by source:	
General fund	\$237,038,992
Special revenue funds	135,506
Capital projects funds	1,287,578,594
State literary loans	1,680,040
Donated assets	<u>5,850,055</u>
Total Investment in General Capital Assets	<u><u>\$1,532,283,187</u></u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets report in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS- BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2015

FUNCTION AND ACTIVITY:	General Capital Assets			
	FY 2015 Beginning Balance	Additions	Deletions	06/30/2015 Ending Balance
Primary Government:				
General Government	\$303,737,299	\$9,712,796	\$-	\$313,450,095
Public Safety	100,506,669	5,334,687	6,167	105,835,189
Environmental Services	732,287,768	59,826,982	4,508	792,110,242
Health and Public Welfare	33,767,799	149,115	-	33,916,914
Libraries	30,420,141	-	-	30,420,141
Parks and Recreation	199,547,391	3,751,794	-	203,299,185
Planning and Community Development	45,798,988	7,452,433	-	53,251,421
Total primary government	<u>1,446,066,055</u>	<u>86,227,807</u>	<u>10,675</u>	<u>1,532,283,187</u>
Internal Services Fund				
Auto Equipment Fund	71,496,453	4,116,197	2,769,081	72,843,569
Total Internal Services Fund	<u>71,496,453</u>	<u>4,116,197</u>	<u>2,769,081</u>	<u>72,843,569</u>
Component Unit: School Board				
Schools	<u>771,819,038</u>	<u>91,052,159</u>	<u>46,276,663</u>	<u>816,594,534</u>
Total Capital Assets	<u>\$2,289,381,546</u>	<u>\$181,396,163</u>	<u>\$49,056,419</u>	<u>\$2,421,721,290</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2015

EXHIBIT S-8

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment	Intangibles	CIP
General Government:							
Control-							
Legislative	\$694,222	\$-	\$-	\$-	\$694,222	\$-	\$-
Executive	497,308	-	-	-	497,308	-	-
Judicial	5,622,649	-	-	-	4,723,073	677,441	222,135
Total Control	<u>6,814,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$5,914,603</u>	<u>677,441</u>	<u>222,135</u>
Staff Agencies-							
Elections	1,129,595	-	-	-	1,129,595	-	-
Management and Finance	1,610,532	-	-	-	1,610,532	-	-
Human Resources	414,403	-	-	-	331,135	83,268	-
Office of County Attorney	1,092,069	-	-	-	972,247	119,822	-
Commissioner of the Revenue	595,054	-	-	-	595,054	-	-
Treasurer	65,114	-	-	-	33,028	32,086	-
Department of Technology Services	36,702,653	-	421,153	991,860	28,695,178	1,314,387	5,280,075
General government	265,310,754	139,119,088	82,261,846	25,877,382	10,713,349	1,001,390	6,337,699
Total Staff Agencies	<u>306,920,174</u>	<u>139,119,088</u>	<u>82,682,999</u>	<u>26,869,242</u>	<u>44,080,118</u>	<u>2,550,953</u>	<u>11,617,774</u>
Total General Government	<u>313,734,353</u>	<u>139,119,088</u>	<u>82,682,999</u>	<u>26,869,242</u>	<u>49,994,721</u>	<u>3,228,394</u>	<u>11,839,909</u>
Public Safety:							
Police	16,965,207	-	732,478	9,087,613	5,710,223	-	1,434,893
Fire	79,413,215	5,499,264	32,569,290	7,125,394	34,219,267	-	-
Emergency management	9,088,294	-	-	-	5,058,929	-	4,029,365
Total Public Safety	<u>105,466,716</u>	<u>5,499,264</u>	<u>33,301,768</u>	<u>16,213,007</u>	<u>44,988,419</u>	<u>-</u>	<u>5,464,258</u>
Community Services:							
Environmental Services	793,284,160	5,899,300	418,798,618	193,693,435	74,033,901	717,825	100,141,081
Health and Public Welfare	33,916,913	-	-	14,127,700	19,153,109	636,104	-
Libraries	30,420,141	-	11,857,686	18,349,791	212,664	-	-
Recreation	207,560,864	14,453,945	56,019,449	64,903,179	6,629,369	-	65,554,922
Community Development	47,900,040	1,397,288	22,362,052	15,238,778	466,224	366,604	8,069,094
Total Community Service	<u>1,113,082,118</u>	<u>21,750,533</u>	<u>509,037,805</u>	<u>306,312,883</u>	<u>100,495,267</u>	<u>1,720,533</u>	<u>173,765,097</u>
Total General Capital Assets	<u>1,532,283,187</u>	<u>166,368,885</u>	<u>625,022,572</u>	<u>349,395,132</u>	<u>195,478,407</u>	<u>4,948,927</u>	<u>191,069,264</u>
Internal Services Fund:							
Auto Equipment Fund	72,843,569	-	-	-	72,843,569	-	-
Total Internal Services Fund	<u>72,843,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,843,569</u>	<u>-</u>	<u>-</u>
Component Unit: School Board Schools							
	816,594,534	4,697,946	-	724,206,882	87,689,706	-	-
GRAND TOTALS	<u><u>\$2,421,721,290</u></u>	<u><u>\$171,066,831</u></u>	<u><u>\$625,022,572</u></u>	<u><u>\$1,073,602,014</u></u>	<u><u>\$356,011,682</u></u>	<u><u>\$4,948,927</u></u>	<u><u>\$191,069,264</u></u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	2015			2014 Actuals
	Budget	Actual	Variance - Positive (Negative)	
GENERAL FUND				
General property taxes:				
Real estate	\$637,059,230	\$652,135,009	\$15,075,779	\$631,515,416
Personal	108,652,147	108,913,548	261,401	110,688,939
Total general property taxes	<u>745,711,377</u>	<u>761,048,557</u>	<u>15,337,180</u>	<u>742,204,355</u>
Other local taxes:				
Business, professional and occupational license (BPOL) tax	59,520,000	58,970,752	(549,248)	62,752,491
Sales tax	40,000,000	39,590,910	(409,090)	39,046,328
Meals tax	36,820,000	36,508,911	(311,089)	34,951,030
Transient tax	21,800,000	23,343,314	1,543,314	20,784,241
Utility tax	11,800,000	12,007,700	207,700	12,095,016
Recordation, car rental and other local taxes	25,620,000	25,324,387	(295,613)	25,205,143
Total other local taxes	<u>195,560,000</u>	<u>195,745,974</u>	<u>185,974</u>	<u>194,834,249</u>
Total taxes	<u>941,271,377</u>	<u>956,794,531</u>	<u>15,523,154</u>	<u>937,038,604</u>
License, permits and fees	10,484,732	11,231,202	746,470	12,396,844
Fines and forfeitures	8,195,748	7,941,007	(254,741)	8,113,863
Charges for services	53,985,637	52,682,001	(1,303,636)	53,136,621
Grants:				
State grants	73,381,734	68,398,285	(4,983,449)	67,984,661
Federal grants	17,867,285	16,786,473	(1,080,812)	18,015,289
Total grants	<u>91,249,019</u>	<u>85,184,758</u>	<u>(6,064,261)</u>	<u>85,999,950</u>
Use of money and property	5,970,046	7,765,181	1,795,135	6,414,252
Bond premiums	-	3,415,826	3,415,826	2,442,072
Miscellaneous revenue	9,110,299	14,023,060	4,912,761	28,445,244
GRAND TOTALS FOR GENERAL FUND	<u><u>\$1,120,266,858</u></u>	<u><u>\$1,139,037,566</u></u>	<u><u>\$18,770,708</u></u>	<u><u>\$1,133,987,450</u></u>
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Rosslyn Business Improvement District	\$37,337	\$35,818	(\$1,519)	\$35,232
Crystal City Business Improvement District	26,269	25,502	(767)	25,227
Automotive Equipment Fund	130,000	130,000	-	130,000
Street & Highway Bond Fund	-	23,441	23,441	28,956
Neighborhood Conservation Bond Fund	-	14,926	14,926	15,938
Government Facility Bond	-	28,527	28,527	25,363
Ballston Business Improvement District	15,726	15,406	(320)	14,941
Public Recreation Bond Fund	-	41,176	41,176	49,875
Fire Facilities Bond Fund	-	-	-	6
Library Bond Fund	-	-	-	40
Transit Facilities Bond Fund	-	19,049	19,049	26,160
IDA Bond Funds	-	1,238	1,238	9,773
IDA Skating Facility	2,400,000	-	(2,400,000)	-
Emergency Community Center	-	82	82	6,578
School Capital Improvement Bond Fund	-	87,699	87,699	72,867
Trust & Agency Fund	645,500	784,268	138,768	398,855
Total transfers	<u>\$3,254,832</u>	<u>\$1,207,132</u>	<u>(\$2,047,700)</u>	<u>\$839,811</u>
GRAND TOTALS	<u><u>\$1,123,521,690</u></u>	<u><u>\$1,140,244,698</u></u>	<u><u>\$16,723,008</u></u>	<u><u>\$1,134,827,261</u></u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	2015			2014 Actuals
	Budget	Actual	Variance - Positive (Negative)	
SPECIAL REVENUE FUNDS:				
Ballston BID	1,572,603	1,540,925	(31,678)	1,494,734
Rosslyn BID	3,736,460	3,583,191	(153,269)	3,524,078
Crystal City BID	2,626,899	2,550,810	(76,089)	2,523,162
Community Development Block Grant Fund	4,193,084	1,185,786	(3,007,298)	2,794,376
Section 8 Housing	17,209,264	15,186,369	(2,022,895)	17,139,411
Total Special Revenue Funds	\$29,338,310	\$24,047,081	(\$5,291,229)	\$27,475,761

BREAKDOWN OF REVENUE BY FUNCTION:

	Charges for services Includes licenses & fees	Operating grants/Contributions		Capital Grants Contributions
		State	Federal	
General government	\$20,223,240	\$28,942,525	\$397,596	\$-
Public safety	10,621,445	10,255,395	1,420,094	-
Environmental services	25,683,556	10,490,945	-	-
Health & welfare	3,683,982	18,494,326	14,771,773	-
Libraries	516,186	171,705	-	-
Economic development	889,873	5,000	-	-
Planning & community development	1,276,328	4,760	139,760	-
Parks & recreation	8,959,600	33,629	57,250	-
Total General Fund	\$71,854,210	\$68,398,285	\$16,786,473	\$-

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF EXPENDITURES - BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	2015			2014 Actuals
	Budget	Actual	Variance - Positive (Negative)	
General Government Administration:				
County Board	\$1,246,908	\$1,234,996	\$11,912	\$1,078,257
County Manager	5,656,557	5,287,208	369,349	5,191,702
Financial Management	7,224,450	6,780,618	443,832	6,018,001
Human Resources	8,803,193	8,353,836	449,357	7,908,723
Technology Services	19,402,497	18,875,695	526,802	18,319,387
County Attorney	2,709,076	2,542,357	166,719	2,653,243
Commissioner of Revenue	5,345,109	5,176,362	168,747	4,994,779
Treasurer	6,616,289	6,516,237	100,052	6,423,281
Electoral Board	1,242,321	960,017	282,304	1,020,051
Total General Government	58,246,400	55,727,326	2,519,074	53,607,424
Judicial Administration:				
Circuit Court Judiciary	624,884	703,358	(78,474)	579,570
Circuit Court	3,139,800	3,129,404	10,396	2,871,158
District Court	372,799	352,578	20,221	364,869
Juvenile & Domestic Relations Court	6,253,251	5,994,885	258,366	5,731,030
Commonwealth Attorney	4,254,613	4,214,727	39,886	3,981,380
Sheriff & Jail	39,453,050	41,005,297	(1,552,247)	38,526,817
Magistrate's Office	43,746	42,241	1,505	41,363
Total Judicial Administration	54,142,143	55,442,490	(1,300,347)	52,096,187
Public Safety:				
Police	68,163,770	64,188,293	3,975,477	60,965,129
Office of Emergency Management	12,126,282	11,242,487	883,795	10,966,169
Fire	54,633,902	53,389,709	1,244,193	52,274,199
Total Public Safety	134,923,954	128,820,489	6,103,465	124,205,497
Department of Environmental Services:				
DES-Environmental Services	86,308,337	85,161,962	1,146,375	80,533,785
Health & Welfare:				
Human Services	131,948,982	122,965,470	8,983,512	117,358,298
Libraries:				
	13,275,309	13,007,081	268,228	12,493,400
Planning & Community Development:				
Economic Development	11,384,631	11,085,839	298,792	10,829,236
Community Planning Housing & Development	11,519,386	11,116,188	403,198	10,377,073
Total Planning & Community Development	22,904,017	22,202,027	701,990	21,206,309
Parks & Recreation:				
	38,633,259	35,939,966	2,693,293	34,273,106
Non-Departmental:				
Non-Departmental Debt Service	132,507,617	73,575,715	58,931,902	76,452,328
Principal payment	40,048,752	40,845,031	(796,279)	38,279,170
Interest payment	20,661,815	18,004,307	2,657,508	17,598,928
Other costs	35,000	30,403	4,597	7,676
Regionals/Contributions	8,071,907	7,821,061	250,846	7,854,224
METRO	29,885,640	29,885,640	-	28,194,000
Total Non-Departmental	231,210,731	170,162,157	61,048,574	168,386,326
Total Expenditures before transfers-out	771,593,132	689,428,968	82,164,164	664,160,332

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF EXPENDITURES - BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	2015			2014 Actuals
	Budget	Actual	Variance - Positive (Negative)	
Transfers -Out				
Auto Equipment Fund	42,000	42,000	-	-
Printing Fund	226,499	226,499	-	195,853
General Capital Projects Fund	30,660,471	29,993,113	667,358	29,553,643
OPEB Trust Projects Fund	-	-	-	66,546
Schools				
General Operating	405,509,631	388,426,214	17,083,417	355,781,040
Community Activities/Cable TV	6,344,395	5,299,491	1,044,904	4,712,193
Pay-As-You-Go	17,133,211	13,874,780	3,258,431	2,821,344
Debt Service	44,972,778	43,834,000	1,138,778	41,545,385
Comprehensive Services Act	2,508,150	1,909,164	598,986	2,535,915
Trust & Agency	-	4,330	(4,330)	-
Total Transfers-Out	507,397,135	483,609,591	23,787,544	437,211,919
GRAND TOTALS EXPENDITURES	\$1,278,990,267	\$1,173,038,559	\$105,951,708	\$1,101,372,251
SPECIAL REVENUE FUNDS:				
Ballston Business Improvement District	1,556,877	1,524,695	32,182	1,485,415
Rosslyn Business Improvement District	3,699,123	3,618,118	81,005	3,472,886
Crystal City Business Improvement District	2,600,630	2,534,958	65,672	2,501,090
Community Development Block Grant	4,193,084	1,185,786	3,007,298	2,794,376
Section 8 Housing	17,104,743	17,219,017	(114,274)	17,412,988
Total Special Revenue Funds	\$29,154,457	\$26,082,574	\$3,071,883	\$27,666,755
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	\$1,308,144,724	\$1,199,121,133	\$109,023,591	\$1,129,039,006

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2015

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlays:	
General Government	40,747
Public Safety	513,629
Public Works	1,311,580
Health & Public Welfare	91,484
Libraries	-
Parks & Recreation	201,236
Planning & Community development	64,124
 Total General Fund	 \$2,222,800
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public Works:	
Transportation Projects	3,018,220
Government Facilities	25,661,223
Cultural & Recreation - Community Affairs:	
Government Facilities	5,019,986
Parks	3,581,090
 Total General Capital Projects Funds	 37,280,519
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	7,736,662
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	4,676,344
Government Facility Bond	7,214,813
Stormwater Fund	422,792
Public Recreation Bond Fund:	
Public Recreation	2,753,555
Fire Station Bond Fund:	
Fire Station Facilities	-
Library Bond Fund:	
Public Library Facilities	-
NVTVA	
NOVA Transportation Authority	23,683,091
IDA Bond Fund:	226,556
 TOTAL ALL OTHER GOVERNMENTAL FUNDS	 46,713,813
 GRAND TOTAL	 <u>\$86,217,132</u>



STATISTICAL (Unaudited)

This part of the Arlington County Comprehensive Annual Financial Report (“CAFR”) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time (Table A, Table B, Table C, Table D, Table E and Table F.).

Revenue Capacity

These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax (Table G, and Table H).

Debt Capacity

These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and its ability to issue additional debt in the future (Table I , Table J1 and Table J2).

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place (Table K and Table L).

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County’s CAFR relates to the services the County provides and the activities it performs (Table M, Table N, and Table O).

Other

These schedules contain information needed for NRMSIRs and other disclosures (Tables P-W).

ARLINGTON COUNTY, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2006	Restated 2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015
Governmental Activities										
Invested in capital assets, net of related debt	(\$42,899,850)	(\$48,931,768)	(\$32,045,987)	(\$4,473,221)	\$3,326,233	\$85,911,369	\$106,482,421	\$113,408,961	\$170,891,751	\$220,958,287
Restricted for:										
Capital projects	143,283,542	142,422,852	10,418,820	118,951,943	148,562,047	219,717,828	254,592,361	264,758,831	300,867,564	359,600,115
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153	4,042,402	2,557,084	2,290,690	178,471
Unrestricted	132,488,877	184,167,995	332,536,404	294,264,704	315,395,737	240,953,482	296,869,258	371,505,711	388,828,867	405,775,777
Total governmental activities net position	<u>\$235,855,324</u>	<u>\$286,853,610</u>	<u>\$319,019,820</u>	<u>\$414,259,110</u>	<u>\$472,570,393</u>	<u>\$552,153,832</u>	<u>\$661,986,442</u>	<u>\$752,230,587</u>	<u>\$862,878,872</u>	<u>\$986,512,650</u>
Business-Type Activities										
Invested in capital assets, net of related debt	\$286,891,035	\$275,868,117	\$355,750,043	\$446,066,559	\$531,452,315	\$552,113,257	\$603,252,038	\$640,920,418	\$671,143,524	\$692,157,867
Restricted for:										
Capital projects	27,738,577	18,847,502	12,307,036	6,945,927	3,432,530	-	-	-	-	-
Other projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	39,573,230	107,317,205	105,289,754	101,416,280	76,726,708	98,488,340	84,916,280	69,103,784	63,289,095	65,051,144
Total business-type activities net position	<u>\$354,202,842</u>	<u>\$402,032,824</u>	<u>\$473,346,833</u>	<u>\$554,428,766</u>	<u>\$611,611,553</u>	<u>\$650,601,597</u>	<u>\$688,168,318</u>	<u>\$710,024,202</u>	<u>\$734,432,619</u>	<u>\$757,209,011</u>
Primary government										
Invested in capital assets, net of related debt	\$243,991,185	\$226,936,349	\$323,704,056	\$441,593,338	\$534,778,548	\$638,024,626	\$709,734,459	\$754,329,379	\$842,035,275	\$913,116,154
Restricted for:										
Capital projects	171,022,119	161,270,354	22,725,856	125,897,870	151,994,577	219,717,828	254,592,361	264,758,831	300,867,564	359,600,115
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153	4,042,402	2,557,084	2,290,690	178,471
Unrestricted	172,062,107	291,485,200	437,826,158	395,680,984	392,122,445	339,441,822	381,785,538	440,609,495	452,117,962	470,826,921
Total primary government activities net position	<u>\$590,058,166</u>	<u>\$688,886,434</u>	<u>\$792,366,653</u>	<u>\$968,687,876</u>	<u>\$1,084,181,946</u>	<u>\$1,202,755,429</u>	<u>\$1,350,154,760</u>	<u>\$1,462,254,789</u>	<u>\$1,597,311,491</u>	<u>\$1,743,721,661</u>
School Component Unit										
Invested in capital assets, net of related debt	\$281,880,122	\$313,005,331	\$332,700,082	\$356,757,290	\$386,599,276	\$404,050,823	\$464,751,903	\$520,283,078	\$535,315,558	\$559,348,585
Restricted for:										
Capital projects	5,968,595	21,143,761	53,652,410	15,008,543	4,549,397	52,726,465	47,055,029	54,583,825	57,977,311	69,833,117
Other projects	-	-	-	-	-	3,180,528	10,954,607	12,076,754	11,446,474	3,010,014
Unrestricted	29,510,583	(6,369,783)	(21,749,122)	(29,729,500)	(32,814,262)	-	-	-	(441,907,246)	(408,902,983)
Total schools component unit activities net position	<u>\$317,359,300</u>	<u>\$327,779,309</u>	<u>\$364,603,370</u>	<u>\$342,036,333</u>	<u>\$358,334,411</u>	<u>\$459,957,816</u>	<u>\$522,761,539</u>	<u>\$586,943,657</u>	<u>\$162,832,097</u>	<u>\$223,288,733</u>
Other Component Units										
Invested in capital assets, net of related debt	(\$5,634,995)	\$20,624,884	\$29,344,880	\$29,978,738	\$27,878,594	\$27,962,471	\$26,577,683	\$24,576,817	\$23,811,868	\$22,749,656
Restricted for:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	32,025,503	8,123,376	(4,918,215)	(5,578,810)	(554,073)	(982,778)	428,056	2,476,291	\$3,361,665	4,581,044
Total other component units activities net position	<u>\$26,390,508</u>	<u>\$28,748,260</u>	<u>\$24,426,665</u>	<u>\$24,399,928</u>	<u>\$27,324,521</u>	<u>\$26,979,693</u>	<u>\$27,005,739</u>	<u>\$27,053,108</u>	<u>\$27,173,533</u>	<u>\$27,330,700</u>

ARLINGTON COUNTY, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Expenses	Fiscal Year									
	2006	Restated 2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015
Primary government:										
Governmental activities:										
General government	\$144,413,158	\$170,050,920	\$183,532,881	\$157,913,828	\$195,846,347	\$180,060,339	\$212,776,822	\$197,890,282	\$246,530,409	\$231,359,735
Public safety	94,152,505	105,294,735	114,536,445	101,207,180	110,207,376	116,211,459	118,391,330	120,977,618	130,260,142	122,974,380
Environmental services	66,712,584	69,902,804	73,697,836	74,059,602	76,327,661	76,871,992	80,272,770	84,444,970	92,633,746	92,336,816
Health & welfare	104,638,605	100,775,893	109,949,551	100,667,830	108,035,699	109,078,189	115,139,323	113,901,082	121,333,852	115,512,691
Libraries	13,002,989	13,167,711	14,426,350	12,828,135	11,946,021	11,313,749	12,134,689	12,464,589	13,191,542	12,479,621
Parks, recreation & culture	34,366,540	35,953,363	38,592,964	35,355,942	37,291,412	36,866,666	34,180,696	36,105,159	38,608,095	36,436,310
Planning & community development	35,865,238	40,556,577	46,279,307	67,595,397	46,833,700	42,986,854	54,626,473	60,359,027	63,669,222	58,062,841
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722	417,655,490	411,415,097	462,562,274	418,066,409	457,765,814
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947	18,531,609	18,551,212	18,282,330	28,131,683	16,786,171	18,380,254
Total governmental activities expenses	<u>821,993,184</u>	<u>892,762,603</u>	<u>990,367,352</u>	<u>909,167,130</u>	<u>948,087,547</u>	<u>1,009,595,950</u>	<u>1,057,219,530</u>	<u>1,116,836,685</u>	<u>1,141,079,588</u>	<u>1,145,308,461</u>
Business-type activities:										
Utilities	47,321,964	51,515,377	57,904,261	59,052,176	64,616,867	68,006,236	76,050,327	93,564,517	85,448,387	85,965,153
Ballston Public Parking Garage	5,732,832	5,937,745	9,517,231	5,626,403	5,577,545	5,234,038	6,062,024	5,750,518	5,315,660	6,307,728
IDA Revenue Bond Fund	-	34,170	1,519,061	1,695,732	1,701,967	-	-	-	-	-
8th Level Ballston Public Parking Garage	-	28,927	35,947	52,808	88,383	132,027	50,496	53,085	157,097	174,141
CPHD Development Fund	-	-	-	9,554,317	9,824,617	10,556,125	11,598,557	12,173,696	13,762,118	14,948,371
Total business-type activities expenses	<u>53,054,796</u>	<u>57,516,219</u>	<u>68,976,500</u>	<u>75,981,436</u>	<u>81,809,379</u>	<u>83,928,426</u>	<u>93,761,404</u>	<u>111,541,816</u>	<u>104,683,282</u>	<u>107,395,393</u>
Total primary government expenses	<u>\$875,047,980</u>	<u>\$950,278,822</u>	<u>\$1,059,343,852</u>	<u>\$985,148,566</u>	<u>\$1,029,896,926</u>	<u>\$1,093,524,376</u>	<u>\$1,150,980,934</u>	<u>\$1,228,378,501</u>	<u>\$1,245,762,870</u>	<u>\$1,252,703,854</u>
Component units:										
Schools	352,921,809	388,148,161	412,953,520	422,055,027	412,450,899	407,401,980	431,308,198	485,061,915	930,311,090	487,285,239
Other	2,446,253	6,199,663	7,777,236	8,189,092	7,702,100	7,505,677	7,317,002	7,375,441	7,468,573	7,480,926
Total component units activities expenses	<u>\$355,368,062</u>	<u>\$394,347,824</u>	<u>\$420,730,756</u>	<u>\$430,244,119</u>	<u>\$420,152,999</u>	<u>\$414,907,657</u>	<u>\$438,625,200</u>	<u>\$492,437,356</u>	<u>\$937,779,663</u>	<u>\$494,766,165</u>
Program Revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	\$21,333,168	\$20,079,042	\$18,106,488	\$20,158,108	\$17,968,134	\$19,911,198	\$20,870,357	\$20,219,252	\$20,009,810	\$20,223,240
Environmental services	14,997,675	16,550,927	19,684,727	20,133,391	20,973,628	26,728,203	28,408,484	26,049,002	26,811,532	25,683,556
Public safety	9,281,843	7,676,160	5,049,238	6,365,373	8,581,235	10,204,341	9,949,039	10,793,294	11,590,616	10,621,445
Other activities	16,851,289	17,950,390	21,509,731	12,111,147	10,665,194	13,056,130	16,750,057	14,154,588	20,447,573	32,491,876
Operating grants and contributions	110,686,562	118,055,710	105,661,179	102,379,382	106,770,638	113,012,048	136,827,855	120,764,535	134,856,589	129,818,926
Capital grants and contributions	1,809,521	1,810,516	1,811,566	1,812,817	1,807,735	1,822,203	1,818,130	-	-	-
Total governmental activities program revenues	<u>174,960,058</u>	<u>182,122,745</u>	<u>171,822,929</u>	<u>162,960,218</u>	<u>166,766,564</u>	<u>184,734,123</u>	<u>214,623,922</u>	<u>191,980,671</u>	<u>213,716,120</u>	<u>218,839,043</u>
Business-type activities:										
Charges for services										
Water-sewer service charges	52,362,162	56,850,491	67,434,401	72,457,575	77,806,563	81,641,099	86,840,829	86,768,619	88,880,766	94,542,664
Water-service hook-up charges	6,468,643	3,345,476	4,810,598	4,627,014	2,390,390	3,165,075	4,419,474	5,672,805	5,499,780	6,273,269
Other activities	9,800,525	20,369,401	33,946,120	46,804,145	41,260,025	34,258,022	35,828,391	34,594,120	30,649,078	27,925,859
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,190,249	21,162,994	28,033,520	26,845,784	16,319,975	5,626,019	3,317,976	6,322,423	3,789,066	1,065,000
Total business-type activities program revenues	<u>69,821,399</u>	<u>101,728,362</u>	<u>134,224,639</u>	<u>150,734,518</u>	<u>137,776,953</u>	<u>124,690,215</u>	<u>130,406,670</u>	<u>133,357,967</u>	<u>128,818,690</u>	<u>129,806,792</u>
Total primary government program revenues	<u>\$244,781,457</u>	<u>\$283,851,107</u>	<u>\$306,047,568</u>	<u>\$313,694,736</u>	<u>\$304,543,517</u>	<u>\$309,424,338</u>	<u>\$345,030,592</u>	<u>\$325,338,638</u>	<u>\$342,534,810</u>	<u>\$348,645,835</u>
Component units:										
Charges for services	\$15,122,958	\$16,849,867	\$20,328,889	\$20,561,183	\$26,743,790	\$27,358,213	\$23,945,689	\$31,354,968	\$28,565,024	\$28,974,950
Operating grants and contributions	332,115,611	365,255,205	417,046,873	368,136,757	395,178,524	471,380,848	459,514,609	507,003,321	465,682,654	505,002,526
Capital grants and contributions	-	-	1,428,953	500,000	586,833	-	-	-	-	-
Total component units program revenues	<u>\$347,238,569</u>	<u>\$382,105,072</u>	<u>\$438,804,715</u>	<u>\$389,197,940</u>	<u>\$422,509,147</u>	<u>\$498,739,061</u>	<u>\$483,460,298</u>	<u>\$538,358,289</u>	<u>\$494,247,678</u>	<u>\$533,977,476</u>

ARLINGTON COUNTY, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2006	Restated 2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) Revenue										
Primary government:										
Governmental activities	(\$647,033,126)	(\$710,639,858)	(\$818,544,423)	(\$746,206,912)	(\$781,320,983)	(\$824,851,827)	(\$842,595,608)	(\$924,856,014)	(\$927,363,468)	(\$926,469,418)
Business-type activities	16,766,603	44,212,143	65,248,139	74,753,082	55,967,574	40,761,789	36,645,266	21,816,151	24,135,428	22,411,399
Total primary government net expense	(\$630,266,523)	(\$666,427,715)	(\$753,296,284)	(\$671,453,830)	(\$725,353,409)	(\$784,090,038)	(\$805,950,342)	(\$903,039,863)	(\$903,228,040)	(\$904,058,019)
Component units:										
Component unit activities	(\$8,129,493)	(\$12,242,752)	\$17,798,673	(\$41,046,179)	\$2,356,148	\$83,831,404	\$44,835,098	\$45,920,933	(\$443,531,985)	\$39,211,311
Total component units net expense	(\$8,129,493)	(\$12,242,752)	\$17,798,673)	(\$41,046,179)	\$2,356,148)	\$83,831,404)	\$44,835,098)	\$45,920,933)	(\$443,531,985)	\$39,211,311)
General Revenues and Changes in Net Position										
Governmental activities:										
Property taxes:										
Real estate property taxes	\$412,474,942	\$441,047,242	\$509,933,075	\$523,725,497	\$527,562,107	\$572,591,637	\$619,748,841	\$648,659,020	\$683,987,883	\$701,941,723
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129	100,928,065	106,957,213	110,688,939	108,913,548
Other local taxes:										
Business, professional occupancy license taxes	52,568,059	50,898,687	57,266,956	57,272,629	58,611,239	60,460,108	61,939,212	61,341,154	62,752,491	58,970,752
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319	139,639,610	143,631,442	139,621,783	144,447,846
Investment and interest earnings	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982	5,443,855	4,287,344	6,578,889	7,895,921
Miscellaneous	27,701,527	33,453,869	23,985,005	18,480,331	21,000,027	11,505,318	27,112,773	50,223,986	34,381,768	27,933,406
Total governmental activities	\$695,329,274	\$761,638,145	\$830,953,288	\$841,446,202	\$839,632,256	\$883,700,493	\$954,812,356	\$1,015,100,159	1,038,011,753	\$1,050,103,196
Business-type activities:										
Investment and interest earnings	\$4,581,344	\$3,617,839	\$6,065,870	\$3,447,340	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989	\$365,013
Total business-type activities	\$4,581,344	\$3,617,839	\$6,065,870	\$3,447,340	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989	\$365,013
Total primary government	\$699,910,618	\$765,255,984	\$837,019,158	\$844,893,542	\$840,847,469	\$884,391,849	\$955,560,179	\$1,015,139,892	\$1,038,284,742	\$1,050,468,209
Component units activities:										
Other local taxes										
Other local taxes	\$16,479,189	\$18,242,576	\$16,906,350	\$16,163,026	\$16,332,840	\$17,134,732	\$17,782,467	\$18,171,301	\$19,368,052	\$21,198,389
Investment and interest earnings/Miscellaneous	2,250,409	3,063,000	681,544	1,319,336	533,684	312,440	212,204	137,253	172,798	204,103
Total primary government	\$18,729,598	\$21,305,576	\$17,587,894	\$17,482,362	\$16,866,524	\$17,447,172	\$17,994,671	\$18,308,554	\$19,540,850	\$21,402,492
Changes in Net Position										
Primary government:										
Governmental activities	\$48,296,148	\$50,998,287	\$12,408,864	\$95,239,289	\$58,311,273	\$58,848,666	\$112,216,748	\$90,244,145	\$110,648,285	\$123,633,778
Business-type activities	21,347,947	47,829,982	71,314,009	78,200,422	57,182,787	41,453,145	37,393,089	21,855,884	24,408,417	22,776,412
Total primary government net expense	\$69,644,095	\$98,828,269	\$83,722,873	\$173,439,711	\$115,494,060	\$100,301,811	\$149,609,837	\$112,100,029	\$135,056,702	\$146,410,190
Component units:										
Component units activities	\$10,600,105	\$9,062,823	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576	\$62,829,769	\$64,229,487	(\$423,991,135)	\$60,613,803
Total component units net expense	\$10,600,105	\$9,062,823	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576	\$62,829,769	\$64,229,487	(\$423,991,135)	\$60,613,803

ARLINGTON COUNTY, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS AND OTHER COMPONENT UNIT
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2006	2007	2008	2009
General Fund Balance:				
Reserved for				
Encumbrances	\$4,087,643	\$4,570,757	\$2,517,374	\$270,619
Four Mile Run	500,000	500,000	500,000	-
Unreserved				
Designated for Self Insurance	3,500,000	3,500,000	3,500,000	5,000,000
Designated for Operating Reserve	16,600,000	17,800,000	28,262,153	30,769,734
Designated for Subsequent Years Budget	34,575,639	36,691,920	29,928,475	44,666,386
Designated for Incomplete Projects	41,251,262	52,428,554	49,107,897	57,713,108
Designated for Retirement	-	-	3,880,000	-
Total General Fund Balance	100,514,544	115,491,231	117,695,899	138,419,847
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	12.88%	13.49%	12.93%	14.98%
All Other Governmental Funds				
Special revenue funds				
Reserved	-	-	53,706	-
Unreserved	3,516,894	9,919,740	8,526,238	6,121,704 (1)
Capital Project funds				
Reserved	32,427,146	32,282,131	26,259,487	23,836,818 (1)
Unreserved	110,856,397	110,140,721	133,844,803	95,115,125 (1)
Total all other governmental funds	146,800,437	152,342,592	168,684,234	125,073,647 (1)
Component unit - Schools:				
Reserved	58,709,912	35,019,015	65,672,036	28,788,084 (1)
Unreserved	4,916,017	6,589,059	7,799,312	7,155,183 (1)
Total component unit - Schools	63,625,929	41,608,074	73,471,348	35,943,267 (1)

(1) Required by Implementation of GASB44 in Fiscal Year 2006.

ARLINGTON COUNTY, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS AND OTHER COMPONENT UNIT (1)
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015
General Fund						
<u>Restricted for:</u>						
Seized assets	\$3,032,049	\$2,385,573	\$2,436,464	\$2,272,448	\$2,522,979	\$2,459,482
Grants	45,206	-	-	-	-	-
<u>Committed to:</u>						
Self insurance reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Subsequent years' County budget	17,061,007	11,151,929	10,488,080	5,208,794	4,860,024	4,529,331
Capital projects	-	4,946,013	1,902,323	8,403,862	14,831,642	2,833,146
Operating reserve	32,377,943	40,192,725	50,240,906	52,605,487	54,575,340	57,385,360
Economic & revenue stabilization conting	-	-	-	3,000,000	3,000,000	8,599,377
Incomplete projects	150,176	230,734	171,861	130,223	412,220	281,390
Affordable Housing Investment Fund	17,656,893	19,163,965	7,050,422	21,838,549	45,631,924	36,914,040
Subsequent years' school budgets	33,218,860	32,481,838	64,669,485	26,269,900	46,735,944	29,898,607
<u>Assigned to:</u>						
Subsequent years' operating budgets	-	10,913,573	12,565,023	19,649,922	15,593,759	8,904,967
Subsequent years' capital projects	13,942,559	6,135,259	18,978,462	12,162,577	11,782,428	16,289,709
Economic Stabilization reserve	-	-	3,000,000	5,000,000	-	-
Employee furlough day restoration	1,012,911	-	-	-	-	-
Operating reserve	2,672,083	10,048,181	2,364,581	1,969,853	2,810,020	612,022
Fresh AIRE program	663,804	354,877	1,244,577	1,224,867	1,480,249	1,029,381
Incomplete projects	6,610,975	933,856	2,416,189	5,215,352	3,772,275	2,562,778
Affordable Housing Investment Fund	3,564,742	3,717,920	8,930,790	29,647,093	20,045,133	22,960,486
Total General Fund Balance	\$137,009,208	\$160,754,645	\$191,459,163	\$199,598,927	\$233,053,937	\$200,260,076
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses						
	14.40%	16.62%	19.02%	18.44%	21.16%	17.07%
All Other Governmental Funds						
Special Revenue funds						
<u>Nonspendable:</u>						
Prepaid	\$1,223,394	\$1,252,930	\$1,286,469	\$1,299,658	\$1,288,591	\$1,265,793
<u>Restricted for:</u>						
Grants	4,673,397	4,318,223	2,755,933	1,257,426	1,002,099	178,471
Capital Project funds						
<u>Nonspendable:</u>						
Prepaid	-	-	-	4,275	4,275	4,275
<u>Restricted for:</u>						
Grants	1,423,044	1,380,184	-	-	-	-
Debt Service	5,735,926	18,383,560	20,743,558	35,790,356	29,790,565	27,117,029
<u>Committed to:</u>						
Capital Projects	155,615,078	199,954,084	233,848,803	228,964,200	271,072,724	332,569,683
Total all other governmental funds	\$168,670,839	\$225,288,981	\$258,634,763	\$267,315,915	\$303,158,254	\$361,135,251
Component unit - Schools						
<u>Restricted for:</u>						
Capital projects	\$4,549,397	\$52,726,465	\$47,055,029	\$54,583,825	\$57,977,311	\$69,833,117
Grants	-	2,077,853	2,109,001	2,009,337	2,439,196	3,010,014
<u>Committed to:</u>						
Incomplete projects	14,294,085	18,077,449	26,987,189	26,082,805	25,505,075	16,152,851
Subsequent years' School budget	-	6,545,000	7,975,000	16,749,704	15,121,892	7,179,001
<u>Assigned to:</u>						
Operating reserve	4,235,289	2,363,770	2,413,261	2,843,426	3,208,571	3,716,159
Unfunded liabilities	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Subsequent years' debt service	-	7,000,000	5,025,000	3,625,000	3,360,000	5,260,000
OPEB reserve	695,565	-	-	-	-	-
Health insurance reserve	-	-	1,000,000	1,000,000	1,000,000	1,000,000
General reserve	-	3,000,000	4,000,000	-	1,201,283	20,824,898
VRS reserve	-	11,587,239	7,387,239	7,387,239	5,637,239	5,637,239
Compensation reserve	-	-	-	-	-	2,000,000
Total component unit - Schools	\$23,774,336	\$105,377,776	\$105,951,719	\$116,281,336	\$117,450,567	\$136,613,279

(1) Required by Implementation of GASB54 in Fiscal Year 2011.

ARLINGTON COUNTY, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
General property taxes:										
Real Estate property taxes	\$391,213,244	\$425,982,688	\$473,501,869	\$514,518,691	\$528,220,762	\$548,838,350	\$592,363,670	\$632,709,421	\$668,556,176	\$688,841,170
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129	100,928,065	106,957,213	110,688,939	108,913,548
Other Local taxes:										
BPOL	52,568,059	50,898,687	57,266,956	57,272,629	58,611,239	60,460,108	61,939,212	61,341,154	62,752,491	58,970,752
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319	139,639,610	143,631,442	139,621,783	144,447,846
Fines and forfeitures	8,900,948	8,338,582	8,049,910	8,720,950	7,851,193	9,590,928	10,641,659	8,468,253	8,113,863	7,941,007
Licenses, permits and fees	14,692,442	13,687,394	17,022,701	7,768,974	7,362,947	9,929,105	10,606,117	10,502,137	12,396,844	11,231,202
Intergovernmental	112,496,082	119,866,226	107,472,746	104,192,200	108,578,373	114,834,250	138,645,985	124,506,820	130,888,641	129,818,926
Charges for services	38,870,586	40,230,543	39,277,573	42,278,095	42,974,051	50,379,839	52,346,023	52,245,746	58,348,824	69,847,908
Interest and rent	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982	5,443,855	4,287,344	6,578,890	7,895,921
Miscellaneous revenues	10,891,786	15,414,677	6,938,710	16,378,642	25,950,164	12,891,977	19,008,738	23,192,304	31,320,765	16,519,366
Total revenues	832,217,893	910,657,144	949,298,717	993,097,926	1,012,007,612	1,046,067,987	1,131,562,934	1,167,841,834	1,229,267,216	1,244,427,646
EXPENDITURES:										
Current operating:										
General government	130,380,468	155,765,913	162,318,710	155,243,762	182,074,416	168,558,845	200,088,702	184,333,469	225,143,159	231,403,533
Public safety	88,875,217	100,650,601	105,760,328	102,791,792	109,550,701	112,925,159	117,033,171	118,725,350	123,709,905	128,312,548
Environmental services	55,122,531	58,491,391	62,420,185	64,803,607	72,315,850	71,924,393	74,921,125	76,672,481	80,154,573	84,449,239
Health and welfare	98,926,206	96,536,913	101,695,722	102,804,509	107,892,357	109,509,790	115,330,415	113,418,239	117,309,171	122,873,986
Libraries	12,034,671	12,339,879	13,062,000	12,855,344	11,630,740	11,074,270	11,880,873	12,366,401	12,486,165	13,007,081
Parks, recreation and culture	32,012,711	33,512,601	35,000,210	34,801,755	35,871,582	35,652,708	32,849,180	32,686,242	34,197,295	35,811,989
Planning and community development	33,914,712	38,835,189	42,796,892	35,308,979	36,252,223	36,154,777	45,056,535	48,773,039	48,990,317	48,475,367
Debt service										
Principal	26,480,421	27,595,301	28,950,071	33,046,404	33,813,374	36,310,305	36,160,046	35,841,532	38,600,630	41,173,105
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947	18,531,609	18,551,212	18,282,330	19,715,860	17,958,561	18,380,254
Bond issuance costs	-	-	-	-	358,995	273,649	-	8,415,823	(1,172,390)	-
Community development	-	-	-	32,985,081	10,190,869	6,372,169	8,804,947	10,052,960	11,504,210	11,286,794
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722	364,633,453	423,610,118	479,997,640	443,783,010	485,542,768
Capital outlay	72,029,442	61,004,743	60,137,617	113,133,467	86,792,008	111,378,633	92,185,904	144,985,816	77,111,549	86,217,132
Total expenditures	880,027,129	941,793,131	1,021,493,753	1,047,313,916	1,048,342,446	1,083,319,363	1,176,203,346	1,285,984,852	1,229,776,155	1,306,933,796
Excess(deficiency) of revenues over expenditures	(47,809,236)	(31,135,987)	(72,195,036)	(54,215,990)	(36,334,834)	(37,251,376)	(44,640,412)	(118,143,018)	(508,939)	(62,506,150)
OTHER FINANCING SOURCES(USES):										
Transfers in	15,423,635	21,171,707	29,370,998	22,225,678	22,028,499	26,716,715	30,385,999	33,382,459	29,921,732	30,328,278
Transfers out	(15,812,365)	(20,941,333)	(29,663,941)	(40,383,849)	(22,133,809)	(26,794,414)	(30,582,672)	(33,527,183)	(30,054,131)	(30,466,776)
Capital leases	5,776,901	975,020	5,704,728	13,524,783	7,418,179	4,287,958	1,435,230	4,473,803	5,459,005	6,383,803
Proceeds from refunding of note	-	-	-	-	35,666,099	-	-	-	-	-
Payment on refunded note	-	-	-	-	(35,962,739)	-	-	-	-	-
Refunding bonds issued	86,856,240	-	-	-	55,067,382	53,533,168	41,885,000	127,097,545	37,690,000	-
Payments to refunded bond escrow agent	(85,447,055)	-	-	-	(56,747,745)	(54,922,067)	(44,350,490)	(118,681,722)	(38,862,390)	-
Deferred cost of refunding	-	-	-	-	1,680,363	1,388,899	2,465,490	-	-	-
Premium from sale of bonds	1,644,345	650,489	1,491,507	-	1,145,925	6,458,775	6,712,155	11,594,033	2,442,072	5,647,316
Issuance of revenue bonds	-	-	-	-	41,280,000	11,940,000	-	-	-	-
Issuance of debt	61,335,000	49,860,000	83,777,000	35,962,739	14,867,322	173,655,000	100,740,000	110,625,000	63,210,000	74,440,000
Bond proceeds Schools	-	-	-	-	-	(78,543,000)	-	-	-	-
Total other financing sources and uses	69,776,701	51,715,883	90,680,292	31,329,351	64,309,476	117,721,034	108,690,712	134,963,935	69,806,288	86,332,621
Net change in fund balances	\$21,967,465	\$20,579,896	\$18,485,256	(\$22,886,639)	\$27,974,642	\$80,469,658	\$64,050,300	\$16,820,917	\$69,297,349	\$23,826,471
Debt service as a percentage of noncapital expenditures	5.5%	5.2%	4.9%	5.5%	5.4%	5.6%	5.0%	4.9%	4.9%	4.9%

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS (1)
LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Public Works/ Environmental Services	Health & Welfare	Culture/ Recreation (2)	Education	Non-Departmental	Debt Service(3)	Contributions to Regional Agencies		Total
									Transit	Other	
2006	82,177,157	88,875,217	55,122,531	98,926,206	89,452,484	313,487,397	27,998,534	71,349,683	13,000,000	7,204,777	847,593,986
2007	86,449,237	100,650,601	58,491,391	96,536,913	97,241,733	346,674,412	46,959,849	72,664,483	14,700,000	7,656,827	928,025,446
2008	91,871,133	105,760,328	62,420,185	101,695,722	84,965,631	356,461,219	45,179,813	76,238,801	17,400,000	7,867,764	949,860,596
2009	92,272,385	106,701,887	67,845,515	103,057,795	96,883,233	370,854,547	37,354,073	83,573,363	18,394,223	8,117,301	985,054,322
2010	93,880,098	110,184,753	73,187,350	108,138,231	97,922,803	365,864,891	60,696,417	83,776,203	20,518,770	8,062,884	1,022,232,400
2011	95,464,852	112,696,379	72,721,915	109,677,751	96,741,115	363,204,699	43,769,131	88,099,570	21,473,703	8,149,062	1,011,998,177
2012	98,637,205	119,356,254	75,750,178	115,347,313	103,765,797	393,832,257	68,114,014	89,268,683	24,510,207	8,186,444	1,096,768,352
2013	102,029,048	119,744,336	77,419,666	113,479,716	108,495,964	430,523,375	43,851,605	92,980,788	25,475,000	8,352,183	1,122,351,681
2014	105,703,611	124,205,497	80,533,785	117,358,298	110,126,685	436,028,377	76,452,328	99,504,576	28,194,000	7,854,224	1,185,961,381
2015	111,169,816	128,820,489	85,161,962	122,965,470	112,125,804	440,895,526	73,575,715	103,652,359	29,885,640	7,821,061	1,216,073,842

NOTES:

- (1) Includes expenditures of the General and Special Revenue Funds of the County and School Board.
- (2) Includes the specific functions of Libraries, Parks and Recreation, Planning and Development, Community Grants, Housing Grants, and Travel & Tourism Promotion and School Community Activities.
- (3) Includes all debt service for the General and Special Revenue Funds of the County and School Board.

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and Permits (2)	Inter Governmental Revenue	Charges for Services	Fines and Forfeitures	Miscellaneous Revenues	Total
2006	651,052,481	14,692,442	148,945,331	50,482,470	8,900,948	22,087,157	896,160,829
2007	714,434,824	13,687,394	158,249,103	50,359,269	8,338,582	18,455,600	963,524,772
2008	756,859,824	17,022,701	131,541,624	53,645,287	8,049,910	19,554,790	986,674,136
2009	792,159,244	7,768,974	150,311,253	55,115,142	8,720,950	24,892,171	1,038,967,734
2010	798,707,195	7,362,947	152,874,209	59,634,597	7,851,193	28,463,122	1,054,893,263
2011	828,985,623	9,929,105	159,329,241	70,094,896	9,590,928	23,152,911	1,101,082,704
2012	879,404,041	10,606,117	154,376,886	67,754,260	10,641,659	29,126,756	1,151,909,719
2013	926,920,232	10,502,137	151,775,127	75,576,387	8,468,253	37,260,396	1,210,502,532
2014	963,946,680	12,396,844	156,810,777	74,212,578	8,113,863	37,374,435	1,252,855,177
2015	985,665,544	11,231,202	153,311,932	74,135,262	7,941,007	25,291,766	1,257,576,713

NOTES:

(1) Includes revenues of the General, Special Revenue Funds, and School Board.

(2) Business, Professional and Occupational License (BPOL) Reclassed from Licenses and Permits to Taxes FY 2007 and thereafter.

TABLE E

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	General Property (1)	Local Sales	Local Cigarette	Transient (2)	Bank Stock	Recordation	Car Rental	Commercial Utility	Short Term		Estate Taxes	Total
									Meals	Rental		
2006	472,800,506	33,115,455	2,971,784	19,486,597	1,714,466	7,809,210	5,416,995	9,944,398	25,734,571	69,128	69,773	579,132,884
2007	526,727,265	34,448,601	2,697,319	20,850,841	1,670,817	9,086,824	4,764,836	9,741,922	28,788,942	77,341	73,655	638,928,363
2008	554,127,644	35,299,283	2,621,265	22,124,454	1,477,629	6,941,848	5,279,450	10,024,166	28,453,021	76,643	74,414	666,499,817
2009	588,145,875	38,392,636	2,812,428	22,238,054	1,934,989	4,402,916	5,065,320	10,058,084	28,855,113	65,491	64,614	702,035,520
2010	594,540,616	35,954,703	2,916,152	21,863,421	2,847,946	5,048,400	5,180,239	10,931,030	29,182,443	55,975	67,519	708,588,444
2011	615,862,280	36,889,985	2,928,357	22,913,832	3,313,327	6,011,781	5,279,343	11,341,864	31,425,804	46,513	109,483	736,122,569
2012	660,105,238	38,630,486	3,125,075	21,789,115	3,079,109	6,536,109	5,630,079	10,433,639	33,409,536	41,857	72,779	782,853,022
2013	703,847,389	39,447,636	3,109,154	22,270,627	2,915,557	6,974,187	6,173,823	10,093,508	34,707,200	47,895	64,011	829,650,987
2014	742,255,176	39,046,328	2,902,811	20,784,241	3,275,105	5,318,784	5,270,912	10,310,369	34,951,030	50,698	67,790	864,233,244
2015	761,105,054	39,590,910	2,503,451	23,343,314	3,523,174	5,298,205	5,936,666	10,256,548	36,508,911	51,292	72,860	888,190,385

NOTES:

(1) Includes Sidewalk Assessments

(2) Includes transient occupancy tax in Travel and Tourism Fund.

TABLE F

ARLINGTON COUNTY, VIRGINIA
 ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Public Property		Total		Real Property Tax Rate (2)(3)	Personal Property Tax Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value		
2006	50,632,673,900	50,632,673,900	1,833,540,112	1,833,540,112	724,577,345	724,577,345	53,190,791,357	53,190,791,357	.878/.818	4.40
2007	54,292,837,200	54,292,837,200	1,926,492,868	1,926,492,868	939,132,732	939,132,732	57,158,462,800	57,158,462,800	.818/.818	5.00
2008	57,469,500,000	57,469,500,000	1,931,899,776	1,931,899,776	884,773,303	884,773,303	60,286,173,079	60,286,173,079	.818/.848	5.00
2009	57,781,547,100	57,781,547,100	2,014,144,083	2,014,144,083	718,898,384	718,898,384	60,514,589,567	60,514,589,567	.848/.875	5.00
2010	53,985,515,000	53,985,515,000	1,916,920,257	1,916,920,257	716,299,020	716,299,020	56,618,734,277	56,618,734,277	.875/.958	5.00
2011	57,459,163,400	57,459,163,400	1,892,908,108	1,892,908,108	709,218,039	709,218,039	60,061,289,547	60,061,289,547	.958/.958	5.00
2012	61,672,361,900	61,672,361,900	1,947,478,083	1,947,478,083	774,586,506	774,586,506	64,394,426,489	64,394,426,489	.958/.971	5.00
2013	62,891,330,300	62,891,330,300	2,134,754,992	2,134,754,992	758,819,988	758,819,988	65,784,905,280	65,784,905,280	.971/1.006	5.00
2014	66,399,525,600	66,399,525,600	2,222,369,095	2,222,369,095	801,404,536	801,404,536	69,423,299,231	69,423,299,231	1.006/.996	5.00
2015	69,269,138,400	69,269,138,400	2,152,448,649	2,152,448,649	823,361,286	823,361,286	72,244,948,335	72,244,948,335	0.996/0.996	5.00

NOTES:

- (1) The amounts shown for assessed and estimated actual value of taxable property represent valuations for County tax years which end December 31st. Property in the County assessed each year at actual value. Therefore, the assessed values are equal to the actual value. Rates are per \$100 of assessed valuation.
- (2) Rate is established each calendar year; the first rate represents second half of the previous calendar year, and the second rate represents first half of the calendar year.
- (3) Rate from calendar year 2008 forward include sanitary district tax for stormwater management initiatives.

TABLE G

ARLINGTON COUNTY, VIRGINIA
PRINCIPAL TAXPAYERS (1)
CURRENT YEAR AND NINE YEARS AGO

2015				2006			
Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Vornado Realty Trust Office buildings, apartments, hotel, land	3,653,224,900	1	5.27%	Charles E. Smith Interests Office buildings, apartments, hotel, land	4,137,476,200	1	8.17%
Albrittain Interests Apartments, general commercial	1,348,685,300	2	1.94%	Cafritz Interests Apartments, warehouses, land	824,754,600	2	1.63%
JBG Companies Office buildings, apartments, hotel, land	1,189,000,000	3	1.71%	Arland Towers Company Office buildings, land	750,390,300	3	1.48%
Paradigm Managed Properties Apartments, general commercial	1,152,797,500	4	1.66%	Albrittain Interests Apartments, general commercial	624,664,500	4	1.23%
Arland Towers Company Office Building, land	1,138,945,100	5	1.64%	Crystal Holdings Office building	589,040,900	5	1.16%
Shirley Park Leasing Office buildings, land	853,654,600	6	1.23%	Fashion Centre Associates Mixed use retail, hotel	495,365,800	6	0.98%
Beacon Office buildings, land	847,456,400	7	1.22%	Paradigm Management Apartments	364,978,800	7	0.72%
Street Retail Inc Office buildings, hotel, land	765,949,000	8	1.10%	JBG/Trizechahn Office building Land	318,453,800	8	0.63%
Fashion Centre Associates Mixed use retail	748,940,200	9	1.08%	Ballston Common Assoc Office retail	240,613,400	9	0.48%
Tishman Speyer Office buildings, apartments, hotel, land	673,023,600	10	0.97%	2111 & 2039 Wilson BLVD INC Office buildings, land	240,081,900	10	0.47%
Total	<u>\$12,371,676,600</u>		<u>17.82%</u>		<u>\$8,585,820,200</u>		<u>16.95%</u>

NOTES:

(1) Source - County Department of Management & Finance - Real Estate Assessments

ARLINGTON COUNTY, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Combined Real Estate and Personal Property Tax

	Total adjusted Tax Levy*	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	479,686,828	476,534,693	99.34%	2,524,968	479,059,661	99.87%
2007	528,571,009	525,863,079	99.49%	2,437,327	528,300,406	99.95%
2008	577,382,256	574,471,873	99.50%	2,512,166	576,984,039	99.93%
2009	620,931,880	617,215,681	99.40%	3,174,866	620,390,547	99.91%
2010	632,119,336	628,272,902	99.39%	3,846,398	632,119,301	100.00%
2011	655,042,664	650,965,303	99.38%	3,833,698	654,799,000	99.96%
2012	696,344,862	697,633,240	100.19%	(1,588,515)	696,044,726	99.96%
2013	752,953,932	748,656,079	99.43%	3,951,535	752,607,614	99.95%
2014	787,927,172	784,483,188	99.56%	2,935,650	787,418,838	99.94%
2015	812,023,501	811,226,437	99.90%	-	811,226,437	99.90%

Real Estate Taxes

	Total adjusted Tax Levy*	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	397,011,521	395,632,942	99.65%	1,378,579	397,011,521	100.00%
2007	432,985,758	431,396,444	99.63%	1,589,244	432,985,688	100.00%
2008	481,450,541	479,931,389	99.68%	1,518,452	481,449,841	100.00%
2009	522,711,162	521,181,642	99.71%	1,528,773	522,710,415	100.00%
2010	535,672,217	533,974,360	99.68%	1,697,822	535,672,182	100.00%
2011	556,660,308	554,896,565	99.68%	1,763,710	556,660,275	100.00%
2012	596,237,632	599,088,319	100.48%	(2,851,500)	596,236,819	100.00%
2013	644,486,627	642,101,576	99.63%	2,358,226	644,459,801	100.00%
2014	676,543,175	674,587,922	99.71%	1,897,816	676,485,738	99.99%
2015	701,662,223	701,587,877	99.99%	-	701,587,877	99.99%

NOTE: Large tax refunds for FY2012 collections were processed during FY2013 resulting in negative collections

Personal Property Taxes

	Total adjusted Tax Levy*	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	82,675,307	80,901,751	97.85%	1,146,389	82,048,140	99.24%
2007	95,585,251	94,466,635	98.83%	848,083	95,314,718	99.72%
2008	95,931,716	94,540,484	98.55%	993,714	95,534,198	99.59%
2009	98,220,718	96,034,039	97.77%	1,646,093	97,680,132	99.45%
2010	96,447,119	94,298,542	97.77%	2,148,577	96,447,119	100.00%
2011	98,382,356	96,068,738	97.65%	2,069,988	98,138,726	99.75%
2012	100,107,230	98,544,921	98.44%	1,262,985	99,807,907	99.70%
2013	108,467,305	106,554,504	98.24%	1,593,310	108,147,813	99.71%
2014	111,383,997	109,895,266	98.66%	1,037,834	110,933,100	99.60%
2015	110,361,278	109,638,560	99.35%	-	109,638,560	99.35%

* Levy adjusted to reflect supplemental assessments included in the applicable tax year less deferred, not due.

Source: Arlington County Treasurer's Office

TABLE I

ARLINGTON COUNTY, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-type activities					Total Primary Government	Pct. Of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds (2)	IDA Revenue Bonds (3)	IDA Lease Revenue Bonds (2)	IDA Note s Payable (3)	Capital Leases	Utilities General Obligation Bonds (4)	BPPG Revenue Bonds (4)	BPPG Note Payable	VRA Bonds (4)	Capital Leases			
2006	576,904,155	-	58,085,000	-	9,547,302	33,460,851	14,300,000	3,429,679	32,298,455	4,890,754	732,916,196	6.04%	3,660
2007	585,786,533	-	55,215,000	-	6,760,154	97,473,471	13,800,000	3,429,679	61,164,960	4,000,715	827,630,512	6.36%	4,041
2008	625,498,345	-	52,180,000	-	8,636,047	119,701,657	13,300,000	3,429,679	146,074,542	3,045,844	971,866,114	6.92%	4,672
2009	576,842,463	-	47,120,000	35,962,739	18,436,505	112,617,553	12,800,000	3,429,679	216,152,600	2,120,767	1,025,482,306	6.91%	4,900
2010	566,435,124	41,280,000	41,900,000	35,666,099	20,556,593	105,459,880	12,300,000	3,429,679	256,458,344	3,450,321	1,086,936,040	7.14%	5,122
2011	687,933,174	40,135,000	48,455,000	35,016,099	18,933,209	127,396,828	11,800,000	3,429,679	263,158,039	3,119,963	1,239,376,991	7.89%	5,894
2012	730,532,411	38,970,000	42,635,000	35,016,099	14,368,663	124,517,591	10,600,000	3,429,679	253,204,991	2,467,919	1,255,742,353	7.27%	5,814
2013	776,934,905	125,285,000	-	-	13,175,010	119,765,096	9,400,000	3,429,679	246,193,772	4,261,192	1,298,444,654	7.12%	5,874
2014	779,454,489	116,500,000	-	-	14,315,564	112,630,511	8,900,000	3,429,679	233,282,935	5,812,459	1,274,325,637	6.99%	5,765
2015	791,622,939	106,855,000	-	-	15,938,583	107,467,060	7,000,000	3,429,679	219,832,909	4,638,736	1,256,784,906	6.89%	5,686

NOTES:

- (1) Population and personal Income estimates are from Arlington County Planning Division estimates presented in Table K.
- (2) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings.
- (3) These amounts are IDA Revenue notes and bonds issued as subject to appropriation obligations of the County.
- (4) Business type amounts are self supporting debt obligations that are repaid by user fees or tenant income, not by General Fund Revenues.

TABLE I-1

ARLINGTON COUNTY, VIRGINIA
PRIMARY GOVERNMENT RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt				Total Primary Government	Pct. Of Actual Taxable Value of Real Property	Debt Per Capita
			General Obligation Bonds Debt (3)	IDA Revenue Bonds (4)	IDA Lease Revenue Bonds (4)	IDA Notes Payable (4)			
2006	200,226	53,190,791,357	576,904,155	-	58,085,000	-	634,989,155	1.19%	3,171
2007	204,800	56,369,131,443	585,786,533	-	55,215,000	-	641,001,533	1.14%	3,130
2008	208,000	60,286,173,079	625,498,345	-	52,180,000	-	677,678,345	1.12%	3,258
2009	209,300	60,514,589,567	576,842,463	-	47,120,000	35,962,739	659,925,202	1.09%	3,153
2010	212,200	56,618,734,277	566,435,124	41,280,000	41,900,000	35,666,099	685,281,223	1.21%	3,229
2011	210,280	60,061,289,547	687,933,174	40,135,000	42,635,000	35,016,099	805,719,273	1.34%	3,832
2012	216,004	64,394,426,489	730,532,413	50,660,000	30,945,000	35,016,099	847,153,512	1.32%	3,922
2013	221,045	65,627,006,417	776,934,905	125,285,000	-	-	902,219,905	1.37%	4,082
2014	215,000	69,423,299,231	779,454,489	116,500,000	-	-	895,954,489	1.29%	4,167
2015	216,700	72,244,948,335	791,622,939	106,855,000	-	-	898,477,939	1.24%	4,146

NOTES:

- (1) Population estimates are from Arlington County Planning Division estimates.
- (2) The assessed value figures are based on County tax years which end December 31st.
- (3) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. Amounts do not include revenue bonds.
- (4) These amounts are IDA Revenue notes and bonds issued as subject to appropriation obligations of the County.

TABLE J-1

ARLINGTON COUNTY, VIRGINIA
 PLEDGED - REVENUE COVERAGE
 BALLSTON PUBLIC PARKING GARAGE
 LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Total Expenses (1)	Less Capital Exp	Less Deferred Rent	Cash Basis		Net Revenue Available for Debt Service	Total Debt Service	Coverage
					Direct Operating Expenses				
2006	4,070,368	3,618,455	(488,994)	(654,996)	2,474,465		1,595,903	1,018,955	1.57
2007	4,368,809	3,659,703	(319,997)	(654,996)	2,684,710		1,684,099	1,118,158	1.51
2008	4,318,862	7,268,910	(3,695,305)	(654,996)	2,918,609		1,400,253	1,021,719	1.37
2009	3,770,271	3,551,444	(176,871)	(654,996)	2,719,577		1,050,694	794,264	1.32
2010	3,963,512	3,510,857	(201,882)	(654,996)	2,653,979		1,309,533	724,316	1.81
2011	4,318,389	3,117,191	-	(654,996)	2,462,195		1,856,194	707,210	2.62
2012	4,528,050	3,401,220	(67,000)	(904,992)	2,429,228		2,098,822	1,413,109	1.49
2013	4,811,697	3,476,857	(53,216)	(904,992)	2,518,649		2,293,048	1,368,601	1.68
2014	4,411,414	3,259,670	-	(773,747)	2,485,923		1,925,491	629,401	3.06
2015	4,337,754	3,938,272	-	(1,279,992)	2,658,280		1,679,474	2,031,398	0.83

(1) Excludes depreciation and amortization

TABLE J-2

ARLINGTON COUNTY, VIRGINIA
 PLEDGED - REVENUE COVERAGE
 UTILITIES BOND COVERAGE
 LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2006	65,044,344	39,453,764	25,590,580	3,074,680	2,585,276	5,659,956	4.52
2007	76,874,765	41,373,056	35,501,709	3,487,382	2,670,385	6,157,767	5.77
2008	102,270,725	42,983,162	59,287,563	5,179,814	6,142,614	11,322,428	5.24
2009	106,771,787	42,908,573	63,863,214	7,084,109	9,634,224	16,718,333	3.82
2010	105,141,066	45,960,228	59,180,838	7,987,869	11,897,384	19,885,253	2.98
2011	101,182,400	47,186,908	53,995,492	7,956,950	14,055,589	22,012,539	2.45
2012	105,787,143	52,382,893	53,404,250	8,295,238	14,030,986	22,326,224	2.39
2013	107,453,634	59,471,356	47,982,278	8,523,845	14,061,159	22,585,004	2.12
2014	105,668,151	58,743,860	46,924,291	8,741,975	12,863,094	21,605,069	2.17
2015	110,141,975	59,505,522	50,636,453	8,163,452	11,679,095	19,842,547	2.55

NOTES:

- (1) The bonds issued to finance construction of the County's water and sewer system are recorded as a liability of the County's Utilities Fund (Exhibit D-1). The debt service on these bonds is financed by the operation of the Utilities Fund while these bonds are also classified as a general obligation of the County.
- (2) Excludes depreciation.

TABLE K

ARLINGTON COUNTY, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2006	200,226	12,132,694	60,595	18,411	2.3%
2007	204,800	13,004,800	63,500	18,451	2.3%
2008	208,000	14,040,000	67,500	18,684	2.6%
2009	209,300	14,841,044	70,908	19,534	4.7%
2010	212,200	15,217,499	71,713	20,233	4.3%
2011	210,280	15,707,916	74,700	21,168	3.9%
2012	216,004	17,273,192	79,967	21,853	3.5%
2013	221,045	18,234,223	82,491	22,763	4.0%
2014	215,000	18,554,500	86,300	23,612	3.5%
2015	216,700	18,614,530	85,900	24,664	3.4%

NOTES:

- 1) The 2011-2013 population figures are estimates from the US Census Bureau.
The 2004-2010, & 2014-2015 population figures are estimates from the Arlington County Planning Division.
- (2) Source - 2014 & 2015 estimates from the Arlington County Planning Division. 2006-2013 figures reported by U.S. Dept of C
- (3) Source - Arlington County School Board, Office of Planning, Management and Budget. Data is for pre K-12 only.
All figures are as of June 30.
- (4) Source Figures for 2014 & 2015-U.S. Bureau of Labor Statistics, Figures 2005-2013 Virginia Employment Commission

TABLE L

ARLINGTON COUNTY, VIRGINIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employers	2015*			Employers	2006		
	Employees	Rank	Percentage of Total County Employment		Employees	Rank	Percentage of Total County Employment
Department of Defense	24,000	1	10.83%	Department of Defense	40,947	1	20.50%
Arlington County Government & Schools	8,005	2	3.61%	Arlington County Government	7,280	2	3.64%
Department of Homeland Security	7,300	3	3.29%	State Department	4,138	3	2.07%
Deloitte	7,100	4	3.20%	Drug Enforcement Administrat	2,090	4	1.05%
Department of Justice	5,400	5	2.44%	National Science Foundation	1,996	5	1.00%
State Department	5,200	6	2.35%	Virginia Hospital Center	1,991	6	1.00%
Accenture	4,200	7	1.89%	Verizon	1,850	7	0.93%
FDIC	2,900	8	1.31%	Transportation Security Admin	1,719	8	0.86%
Virginia Hospital Center	2,400	9	1.08%	SAIC	1,689	9	0.85%
National Science Foundation	2,200	10	0.99%	Marriott International Inc.	1,680	10	0.84%
Environmental Protection Agency	2,000	11	0.90%	US Airways	1,466	11	0.73%
General Services Administration	1,900	12	0.86%	Environmental Protection Age	1,397	12	0.70%
Marriott International, Inc.	1,600	13	0.72%	Lockheed Martin Group	1,300	13	0.65%
Corporate Executive Board	1,500	14	0.68%	CACI	1,085	14	0.54%
Booz Allen Hamilton	1,400	15	0.63%	US Marshalls Service	1,080	15	0.54%
CACI	1,200	16	0.54%	Hecht Company	1,027	16	0.51%
BNA Bloomberg	900	17	0.41%	SRA International Inc.	910	17	0.46%
Lockheed Martin Corp	848	18	0.38%	Federal Supply Service	905	18	0.45%
SRA International	800	19	0.36%	United States Postal Service -	876	19	0.44%
Marymount University	700	20	0.32%	Booz Allen Hamilton	870	20	0.44%
Total	81,553		36.79%		76,296		38.20%
Total At-Place Employment	221,700				199,731		

Source: Arlington County Planning Division; Arlington Economic Development

* 1st Quarter Estimates

TABLE M

ARLINGTON COUNTY, VIRGINIA
 FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
County Board	8.0	8.0	8.0	8.0	7.8	7.8	8.0	8.0	7.8	8.3
County Manager	32.0	35.0	35.0	34.5	37.9	36.9	36.9	37.1	35.9	35.9
Management and Finance	55.0	55.0	55.0	57.0	50.0	54.0	55.0	55.0	55.5	56.5
Technology Services	65.7	65.7	67.8	67.8	70.0	71.0	72.0	74.0	73.0	72.0
Human Resources	49.5	49.5	50.5	51.5	53.5	50.0	51.0	52.0	52.0	52.0
Civil Service Commission	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
County Attorney	11.0	11.0	11.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Circuit Court	33.8	33.8	34.4	35.8	33.8	32.3	32.3	32.3	32.3	33.8
General District Court	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Juvenile and Domestic Relations Court	56.5	57.5	57.5	57.5	56.3	55.8	55.8	55.8	55.8	55.8
Commonwealth's Attorney	40.0	40.0	40.0	39.0	35.5	34.0	35.0	35.0	35.0	35.0
Sheriff	276.3	277.8	277.8	277.8	268.4	266.0	267.0	271.0	271.0	272.0
Commissioner of Revenue	56.0	56.0	56.0	56.0	54.0	53.0	53.0	52.0	52.0	52.0
Treasurer	63.2	63.2	63.2	63.2	61.8	60.8	60.8	59.8	61.8	61.8
Electoral Board	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Office of Emergency Management	59.5	66.5	66.5	72.5	72.5	71.5	71.5	79.5	76.5	74.5
Police	473.0	475.0	476.0	476.0	475.0	465.0	466.0	466.0	466.0	470.0
Fire	304.7	314.7	314.7	321.3	317.3	316.0	317.0	320.0	321.0	321.0
Public Works/Environmental Services	670.2	670.2	676.7	699.7	688.7	694.7	700.2	721.2	730.2	765.0
Human Services	717.5	718.5	703.5	712.2	703.3	694.7	699.7	685.8	680.5	681.5
Libraries	157.3	157.3	157.8	157.8	142.4	125.1	127.6	135.6	133.9	133.9
Economic Development	30.8	32.8	32.8	31.8	28.8	28.8	28.8	61.6	61.6	63.6
Community Planning, Housing & Developer	146.5	156.5	156.5	181.1	179.0	176.0	177.0	197.1	198.6	198.6
Parks, Recreation & Cultural Resources	412.4	412.4	411.3	400.5	378.2	355.8	360.3	345.9	365.9	371.2
Total County Positions	3,729.2	3,766.7	3,762.1	3,824.8	3,737.8	3,672.9	3,698.7	3,768.6	3,790.0	3,838.2
Total School Positions	3,577.1	3,588.3	3,613.7	3,676.6	3,770.3	3,787.5	3,937.4	4,047.1	4,109.0	4,159.3
TOTAL POSITIONS	7,306.3	7,355.0	7,375.8	7,501.4	7,508.1	7,460.4	7,636.1	7,815.7	7,898.9	7,997.5

Sources: Arlington County FY2015 Adopted Budget and Arlington County School Board's Adopted Budget FY 2015.

TABLE N

ARLINGTON COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION-PROGRAM
JUNE 30, 2015

Form of Government Date of Adoption January 1, 1932	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Area (square miles)	26	26	26	26	26	26	26	26	26	26
Lane Miles	961	961	961	961	961	974	974	974	974	974
Number of Street Lights	14,753	14,873	14,620	14,657	16,580	16,723	17,267	17,796	18,708	19,642
<u>Fire Protection:</u>										
Number of Stations	10	10	10	10	10	10	10	10	10	10
Training Academy	1	1	1	1	1	1	1	1	1	1
<u>Education:</u>										
Attendance Centers	34	34	34	35	37	37	37	37	37	38
Number of Classrooms	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,740	1,760	1,780
Number of Teachers	1,946	1,980	1,962	2,046	2,096	2,105	2,241	2,295	2,406	2,501
Number of Students	18,411	18,451	18,684	19,420	20,233	21,168	21,853	22,763	23,612	24,664
<u>County Water System:</u>										
Number of consumer service locations	36,603	36,758	36,828	36,877	37,228	37,574	37,151	37,189	37,343	37,464
Average daily consumption (gallons)	26,900,000	24,800,000	24,066,000	23,498,000	23,217,000	23,217,000	22,500,000	22,220,000	22,010,000	22,190,000
Miles of water mains	525	525	525	525	525	525	525	525	525	525
<u>County Sewer System:</u>										
Miles of sanitary sewers	470	470	470	470	470	470	470	470	470	470
Average gallons per day treated	25,600,000	24,900,000	24,700,000	24,620,000	26,470,000	26,470,000	22,000,000	20,273,507	23,139,205	23,019,096
System capacity under construction (gallons per day)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	0	0	0
<u>Building Permits:</u>										
Construction Permits	3,948	3,629	3,289	2,473	2,543	2,939	3,074	3,019	3,035	3,250
Plumbing, Electrical & Mechanical Permits	7,806	6,967	7,132	7,232	6,531	7,834	7,907	8,264	8,338	8,873
Fire Permits	1,058	1,022	974	842	804	982	1,052	953	997	1,064
Elevator Permits	88	127	103	75	116	72	77	99	95	115
<u>Recreation and Culture:</u>										
Number of Parks and Playgrounds	212	212	212	212	212	212	219	236	236	*210
Number of Libraries	7	8	8	8	8	8	8	8	8	8
Number of Items (Print and Audiovisual)	579,729	579,729	629,808	635,284	643,950	662,757	632,517	653,092	633,127	675,924
Number of Community Centers	14	14	14	14	14	14	14	14	14	14
Number of Nature Centers	2	2	2	2	2	2	2	2	2	2
Number of Historical Districts	29	29	30	30	31	31	32	34	34	36

*Prior to FY2015, the parks and playground count included 26 areas not under the Department of Parks and Recreation maintenance responsibilities such as playgrounds owned and maintained by Arlington Public Schools. In FY 2015, the count was updated to include only parks and playgrounds maintained by the Department of Parks and Recreation.

ARLINGTON COUNTY, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM
JUNE 30, 2015

Primary Government

FUNCTION AND ACTIVITY:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Control-										
Legislative	\$51,208	\$62,401	\$58,579	\$81,144	\$92,430	\$114,522	\$114,522	\$114,522	\$114,522	\$694,222
Executive	214,926	261,906	245,864	340,573	387,942	480,663	480,663	480,663	492,215	497,308
Judicial	1,130,274	1,377,339	1,292,973	1,791,038	2,107,374	2,594,988	3,934,611	4,700,614	5,334,523	5,622,649
Total Control	1,396,408	1,701,646	1,597,416	2,212,755	2,587,746	3,190,173	4,529,796	5,295,799	5,941,260	6,814,179
Staff Agencies-										
Elections	120,906	147,335	138,310	191,588	218,235	270,396	270,396	270,396	1,129,595	1,129,595
Management and Finance	209,227	254,962	239,344	331,542	377,655	467,918	1,077,827	1,588,298	1,610,532	1,610,532
Human Resources	146,253	178,222	167,306	231,753	347,256	410,350	414,403	414,403	414,403	414,403
Office of County Attorney	34,067	41,514	38,971	53,983	61,491	876,188	923,699	953,687	966,128	1,092,069
Commissioner of the Revenue	42,503	51,794	48,621	67,350	76,718	595,054	595,054	595,054	595,054	595,054
Treasurer	730,199	889,812	835,309	1,157,077	1,350,098	65,114	65,114	65,114	65,114	65,114
Department of Technology Services	14,598,718	17,789,831	16,700,152	23,133,198	17,200,391	11,344,264	14,597,576	18,195,395	29,114,164	36,702,653
General government buildings	29,586,427	33,694,735	43,796,601	33,686,400	135,952,812	327,020,186	327,020,186	327,604,012	263,901,049	265,310,754
Total Staff Agencies	45,468,300	53,048,205	61,964,614	58,852,891	155,584,656	341,049,470	344,964,255	349,686,359	297,796,039	306,920,174
Total General Government	46,864,708	54,749,851	63,562,030	61,065,646	158,172,402	344,239,643	349,494,051	354,982,158	303,737,299	313,734,353
Public Safety:										
Police	16,082,026	18,439,574	24,163,161	21,722,625	23,703,421	10,138,856	13,102,757	15,073,584	15,273,434	16,965,207
Fire	5,809,121	6,375,013	6,594,563	6,977,207	18,234,142	83,442,395	85,337,968	85,829,937	79,368,941	79,413,215
Emergency management	806,623	982,942	922,734	1,278,179	1,455,957	4,086,134	5,405,411	5,681,058	5,864,294	9,088,294
Total Public Safety	22,697,770	25,797,529	31,680,458	29,978,011	43,393,520	97,667,385	103,846,136	106,584,579	100,506,669	105,466,716
Environmental Services	392,682,485	407,523,922	414,461,104	497,345,576	434,334,394	474,009,827	526,053,112	632,215,203	732,287,767	793,284,160
Health and Public Welfare	29,392,413	29,891,822	31,394,364	33,758,494	31,765,248	33,069,717	33,105,155	33,322,630	33,767,799	33,916,913
Libraries	9,781,888	10,585,807	12,159,862	11,184,328	18,162,154	29,731,690	30,413,627	30,442,689	30,420,141	30,420,141
Recreation	80,924,974	83,531,614	88,774,344	86,420,777	98,111,470	120,041,977	143,004,838	168,516,013	199,547,391	207,560,864
Community Development	14,359,122	15,431,139	14,644,784	52,373,433	32,837,780	33,022,546	38,051,773	42,891,236	45,798,988	47,900,040
Total General Capital Assets	\$692,311,308	\$729,384,655	\$764,951,857	\$878,085,322	\$964,877,331	\$1,131,782,785	\$1,223,968,692	\$1,368,954,508	\$1,446,066,054	\$1,532,283,187
Internal Services Fund										
Auto Equipment Fund	\$42,409,799	\$45,153,446	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607	\$63,781,962	\$64,955,970	\$71,496,453	\$72,843,569
Printing Fund	276,061	276,061	-	-	-	-	-	-	-	-
Total Internal Services Fund	\$42,685,860	\$45,429,507	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607	\$63,781,962	\$64,955,970	\$71,496,453	\$72,843,569
Component Unit: School Board										
Schools	\$401,017,012	\$448,837,358	\$470,609,847	\$511,265,426	\$556,680,225	\$587,053,184	\$663,053,770	\$736,920,550	\$771,819,038	\$816,594,534
GRAND TOTALS	\$1,136,014,180	\$1,223,651,520	\$1,281,258,277	\$1,436,919,964	\$1,573,538,896	\$1,775,361,576	\$1,950,804,424	\$2,170,831,028	\$2,289,381,545	\$2,421,721,290

TABLE P

ARLINGTON COUNTY, VIRGINIA
 PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO
 TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Expenditures (2)	Percentage of Debt Service to Total General Expenditures
2006	42,802,784	28,546,899	71,349,683	847,593,986	8.42%
2007	43,847,619	28,816,864	72,664,483	963,524,772	7.54%
2008	47,100,186	29,138,615	76,238,801	949,860,596	8.03%
2009	53,715,890	29,857,473	83,573,363	985,054,322	8.48%
2010	53,827,131	29,949,072	83,776,203	1,022,232,400	8.20%
2011	57,645,110	29,848,250	87,493,360	1,011,998,177	8.65%
2012	59,289,762	29,978,921	89,268,683	1,096,768,352	8.14%
2013	60,281,364	32,699,424	92,980,788	1,122,351,681	8.28%
2014	67,578,026	31,926,550	99,504,576	1,185,961,381	8.39%
2015	71,181,548	32,440,408	103,621,956	1,216,073,842	8.52%

NOTES:

- (1) Excludes debt service on general obligation bonds payable from the Enterprises Fund and all paying agent charges
 (2) Includes all categories of expenditures as presented in Table I

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2014 - JUNE 30, 2015

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Property</u> VACorp through Travelers Insurance 1	VA-AR-006-15	07/01/14	07/01/15	All Risk Package Policy coverage on real and personal property, valuable papers and records, Inland Marine equipment, extra expense and business interruptions, Theatrical Equipment Floater, Fine Arts, Property Floater, EDP, Voting Machines and off premises power failures & boiler & machinery. \$50,000 deductible. TIV \$636 million subject program limits of \$ 500million. Incl. earthquake, flood, boiler & mach. Garagekeeper's Liab., Physical Damage on County vehicles while garaged	\$462,291.00 Includes TRIA
<u>Crime Policy</u> Zurich American Ins. Co. 2	VA-AR-006-15	07/01/14	07/01/15	Public Employee Dishonesty , Forgery or Alteration, Theft, Disappearance and Destruction and computer Fraud. Faithful performance of duty a covered cause of loss. Volunteer workers included as employees Limit: \$1 million, Deductible: \$25,000	\$8,800.00 Excludes TRIA
<u>Fine Arts Policy</u> VACorp through Travelers Insurance Now part of blanket property policy 3	VA-AR-006-15	07/01/14	07/01/15	Museum Collection and Temporary Loans Policy-- Limits of \$ 1,000,000 on AC premises \$ 250,000 any other location \$ 1,000 Deductible/ \$ 2,500 per outdoor sculpture Legal Liability -- \$ 250,000 any one loss	\$0.00 Now part of property policy
<u>Performing Arts</u> Package Business Policy Lexington Insurance Co. 4	AIP 0000544711303	07/01/14	07/01/15	Package Ins. Policy for Performing Arts Group DBA Rosslyn Theater Incl. \$ 1/2 million GL \$ 850,000 Property	Package Policy \$11,664.00
<u>General Liability, Public Officials Liab.</u> <u>Law Enforcement Liab, Auto Liability</u> Covers Arlington County employees and Officials conducting County business 5	County Board Resolution	Continuous	Continuous	Self Insured for Liability Exposures. AL, POL, LEL, GL - Primary \$1,000,000	
<u>Umbrella Excess Liability Policy</u> VACo/Genesis 6	VA-AR-006-15	07/01/14	07/01/15	Excess Public Entity Liability Policy Excess of \$ 1,000,000 self-insured retention \$ 10 million limits excess of SIR	\$336,063.00

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2014 - JUNE 30, 2015

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Constitutional Officers Business Auto Package Policy VACorp 7	VA-AR-006-15	07/01/14	07/01/15	Covers Owned, Hired and Non-owned Liability, Uninsured Motorists & Medical Payments. \$1,000,000 each occurrence for Liability, \$1,000 for medical payments. Const. Officers and Volunteer General Liability \$ 2 million per occurrence	\$33,976.00
HIDTA Task Force Commercial Package Policy Twin City Fire Insurance Company 8	Cancelled 7/1/14				
Medical Prof. Liability Arch Speciality Insurance 9	FLP002233605	07/01/14	07/01/15	Professional Liability Insurance Employed and Contracted Physicians, Clinic Staff and EMS Limits: \$ 2/6 million \$ 25,000 DED. Each claim	\$206,771.00
Group Accident Coverage				Coverage coordinated with pers. Coverage	
National Union Fire Ins.	SRG 0009105405	07/01/14	07/01/15	AD&D for volunteers	\$10,500.00
National Union Fire Ins.	SRG 0009105406	07/01/14	07/01/15	AD&D for Campers	\$9,752.50
National Union Fire Ins.	SRG 0009105403	07/01/14	07/01/15	AD&D for Recreational Sports	\$12,600.00
MARKEL INS.	4102aH396738	07/01/14	07/01/15	AD&D for Community Service Program	\$795.00
ACE American Ins. Co.	PTP N 04830052	07/01/14	07/01/15	AD&D for Auxiliary Police	\$784.00
10				TOTAL PREMIUM	\$34,431.50
County Board Surety Bond	M. Hynes L. Garvey J. Fisette J. Vihstadt W. Tejada	Continuous until Cancelled		Bond limit \$ 2,500	3 yr. policy
11					
VDOT Permit Bond Travelers 12	53 S 101062299	Continuous		Virginia highways permit bond for facilities located on the VDOT right-of-way Limit \$ 100,000	\$0

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2014 - JUNE 30, 2015

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Excess Liability Ballston Garage</u> ARCH Ins. Group Travelers 13	UFP0034489-03 QY01225601	07/01/14 07/01/14	07/01/15 07/01/15	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage.	\$45,000.00 \$29,000.00
<u>Fiduciary Liability Policy</u> Employee's Suppl. Retirement Sys 2 National Union/Alton Agency 14	PLS 2672194			Fiduciary Liab. To \$ 10million ERISA Fidelity bond D&O, Trustees liab. To \$ 3million These policies handled by the Retirement Board <u>Risk Management is not involved in the purchase of these policies.</u>	Premium not incl. in total
<u>Constitutional Officers' Liability Plan Risk Coverage</u> Commonwealth of Virginia (SIR) Clerk of Court Sheriff Commissioner of Revenue Commonwealth's Attorney Registrar of Voters Arlington County Treasurer 15	Virginia Risk	Continuous		Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate	
<u>Fire and Rescue Auto Physical Damage</u> VaCorp 16	VA-AR-006-14	07/01/14	07/01/15	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD \$ 1,000 Ded. Per unit	\$79,447.00 Incl. TRIA
<u>Police Command Vehicle</u> Hartford Fire Insurance Company 17	VA-AR-006-14	07/01/14	07/01/15	Inland Marine policy covering portable Police equipment and Command Vehicle	Incl Incl. TRIA

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2014 - JUNE 30, 2015

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Portable Equipment-Fire Command Vehicle</u> VFIS American Alternative Insurance 18	VA-AR-006-14	07/01/14	07/01/15	Inland Marine policy covering ACFD equipment & Command Veh.	\$2,113.00
<u>Blanket Volunteer Liability</u> VaCorp 19	VA-AR-006-14	07/01/14	07/01/15	Covers Liability of Volunteers	\$4,760.00
TOTAL					\$1,254,316.50

TABLE R

ARLINGTON COUNTY, VIRGINIA
CONSTRUCTION ACTIVITY AND REAL PROPERTY VALUE
LAST TEN FISCAL YEARS

Fiscal Year	Residential Construction (1)		Commercial Construction (1)		Miscellaneous Construction (1)		Real Property Value (2)		
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Residential	Commercial	Non-Taxable
2006	309	116,622,000	28	170,648,000	12,570	731,419,504	30,490,616,900	20,142,057,000	6,446,120,900
2007	154	42,199,000	54	279,540,000	11,537	787,764,529	31,217,514,500	23,075,322,700	7,211,250,200
2008	132	32,778,000	76	295,231,000	11,331	646,663,518	31,511,540,600	25,957,959,400	7,208,720,200
2009	160	43,325,775	84	409,257,463	11,526	372,491,217	31,176,590,200	26,604,956,900	7,489,437,300
2010	172	45,497,100	50	165,948,125	12,454	363,788,580	30,395,184,100	23,590,330,900	7,079,999,000
2011	204	59,770,300	60	372,020,336	12,690	367,577,766	30,826,414,200	26,435,423,200	7,155,902,000
2012	158	49,734,782	86	487,803,163	12,003	443,979,014	31,308,133,600	30,363,228,300	7,313,610,400
2013	179	61,926,017	98	406,183,727	13,219	538,830,401	36,869,425,300	26,021,905,000	7,410,523,300
2014	188	93,344,705	83	179,141,259	15,338	466,745,648	39,564,853,200	26,835,092,400	7,936,267,300
2015	188	86,410,180	156	380,466,809	16,202	190,079,034	35,479,510,900	33,789,627,500	7,840,094,400

NOTES:

(1) Department of Community Planning, Housing and Development, Planning Division-- Inspection Services

(2) Estimated actual value. Excludes public service corporations.

TABLE S

ARLINGTON COUNTY, VIRGINIA
BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES
LAST TEN FISCAL YEARS

Fiscal Year	Revenues	Percent Change
2006	52,568,059	15.23%
2007	50,898,687	-3.28%
2008	57,266,956	11.12%
2009	57,272,629	0.01%
2010	58,611,239	2.34%
2011	60,460,108	3.23%
2012	61,939,212	5.81%
2013	61,341,154	4.77%
2014	62,752,491	2.30%
2015	58,970,752	-6.03%

ARLINGTON COUNTY, VIRGINIA
CERTIFICATE OF NO DEFAULT
June 30, 2015

Pursuant to Section 10.3 of the Financing Agreements between Virginia Resources Authority and Arlington County, I hereby certify that, during the year ended June 30, 2015, and through the date of this certificate, no condition has happened or existed, or is happening or existing, which or which would constitute an Event of Default as defined in Section 10.3 of the Financing Agreements for Loan Number C-515319-02, Loan Number C-515378-02A, Loan Number C-515378-02B, Loan Number C-515396-01, Loan Number C-515413-01, Loan Number C-515396-02, Loan Number C-515413-02, Loan Number C-515413-02B.

Mary Beth Chambers

Mary Beth Chambers
Acting Director
Department of Management and Finance

10/08/15

Date

ARLINGTON COUNTY, VIRGINIA
LARGEST USERS OF THE WATER & SEWER SYSTEM
FOR THE TWELVE MONTHS ENDING JUNE 30, 2015

WATER Customer / Type of Business	Monthly Average Consumption In Thousands of Gallons	SEWER Customer / Type of Business	Monthly Average Consumption In Thousands of Gallons
Ft. Myer Military	10,547	Reagan National Airport Aviation	11,313
Archstone Communities - 1600 S. Eads Residential	5,270	Pentagon Military	11,911
Vornado - 1400 S. Joyce Street Apartments	3,432	Ft. Myer Military	10,547
Vornado - 1600 S. Joyce Street Retail	3,082	Archstone Communities - 1600 S. Eads Residential	5,270
Marriott Crystal City Hotel	2,785	Vornado - 1400 S. Joyce Street Apartments	3,432
Vornado - 1111 S. Army Navy Drive Apartments	2,528	Vornado - 1600 S. Joyce Street Retail	3,082
Dittmar Company - 5550 S. Columbia Pike Apartments	2,337	Marriott Crystal City Hotel	2,785
Pentagon City Mall Retail	2,279	Vornado - 1111 S. Army Navy Drive Apartments	2,528
Archstone Communities - 320 S. 23rd Steet Residential	2,250	Dittmar Company - 5550 S. Columbia Pike Apartments	2,337
Sunrise Senior Living - 900 N. Taylor Residential	2,210	Pentagon City Mall Retail	2,279

NOTE:

(1) Source - County Department of Environmental Services - Utilities Services Office

ARLINGTON COUNTY, VIRGINIA
DESCRIPTION OF THE WASTEWATER & WATER SYSTEM & WASTEWATER & WATER RATES
JUNE 30, 2015

Wastewater System

Description of System

The County began its pollution abatement program in 1933 with the approval of a bond referendum for a county-wide sewage system to include 100 miles of sanitary sewers and a water pollution control plant (the "Plant") providing primary treatment. The Plant was placed in service in 1937. In response to continued growth, the Plant has been repeatedly expanded, with upgrades providing for advanced treatment, new preliminary treatment, a new dewatering building, and a new equalization tank to minimize fluctuation of flow to the Plant.

The County's system presently consists of 465 miles of gravity sewer lines, eleven pumping stations, three ejector stations, two meter stations and the Plant. The Plant has a rated capacity of 40 million gallons per day (MGD). Current flows average 23.0 MGD.

Plant Upgrade & Expansion

In April 2001, County staff and an external engineering team were assembled to update the 1988 Master Plan to address wet weather external bypasses, new and foreseen regulations, aging infrastructure and capacity requirements with respect to the Wastewater System. The result of this effort is the Master Plan Update 2001 ("MP01"). The MP01 provides for the goal of minimization of wet weather external bypasses, increased redundancy, expansion of capacity to handle flows to approximately 2020 + and a positive environmental impact for Four Mile Run, the Potomac River, and the Chesapeake Bay. The MP01 features a two phase design process and three construction contracts as well as program management and engineering services. Major facilities included in the MP01 include two new aeration tanks, two new equalization tanks, a new biofilter facility, and three new secondary clarifiers.

The total cost of all phases of the MP01 is estimated to be \$568 million. County ratepayer's share is estimated to be 82 percent; Inter-Jurisdictional Partners' share is 18 percent. Financing to date for the County's share has been provided by several sources. There have been eight Wastewater System & Water System Revenue bonds totaling \$300 million issued to the Virginia Water Facilities Revolving Loan Fund Program (the "VWFRF") which is administered by the Virginia Resources Authority ("VRA"). General Obligation bonds of the County were issued in 2007 for \$48.5 million, 2008 for \$27.4 million, and 2009 for \$11.7 million. Grant funds from the Water Quality Improvement Fund under the Department of Environmental Quality Chesapeake Bay Program for approximately \$96 million were authorized in February 2007.

Major Customers

The County's wastewater system serves residents and businesses in the County. A list of the top ten retail wastewater customers is included in Table U of the Statistical Section. On a wholesale basis, the County's wastewater system serves Alexandria Sanitation Authority; the City of Alexandria, Virginia; the City of Falls Church, Virginia; and Fairfax County, Virginia (together, the "Inter-Jurisdictional Partners" or "IJ Partners"). Arlington has contractual agreements for wastewater conveyance and treatment with the IJ Partners that set forth the terms of these relationships, including the calculation of both operating and capital charges. A summary of each IJ Partner contract is included in the table below; additional information on the contracts can be requested from the County's Department of Environmental Services, Utilities Service Office at (703) 228-3601.

IJ Partner	Share of Plant Capacity	Agreement Expiration Date
Fairfax County	3.0 MGD Peak flow capacity reservation of 6.6 MGD	June 30, 2004 Fairfax provided written notification that contract will be honored until new agreement is negotiated
City of Alexandria & Alexandria Sanitation Authority (ASA)	3.0 MGD Maximum daily flow capacity reservation of 7.5 MGD	June 30, 1987 Agreement provides that it is binding until Arlington system is not in existence and as long as either party is not in default. ASA provided written notification that contract will be honored until new agreement is negotiated ASA provided written notification that contract will be honored until new agreement is negotiated
City of Falls Church	0.8 MGD Peak flow capacity of 2.0 MGD	September 9, 2012

Water Distribution System

Description of System

Arlington County purchases water on a wholesale basis from the Washington Aqueduct, a branch of the U.S. Army Corps of Engineers. The water system was established in 1927 after an Act of Congress, approved April 14, 1926, authorized Arlington County to receive water from a water supply pumping station at the Dalecarlia Reservoir Water Treatment Plant in northwest Washington, D.C. Average daily production for the entire Washington Aqueduct system, which includes two water treatment plants in the District of Columbia, Dalecarlia and McMillan, is 140 MGD.

The County's water distribution system presently consists of approximately 500 miles of pipes with diameters of up to 48 inches, five pumping stations, and 32 million gallons of finished storage. Current daily average flow is 22.2 MGD to approximately 37,350 service accounts. The system serves residents and businesses in the County but does not provide water to the Pentagon or Reagan National Airport except under emergency situations, during construction, or other unusual circumstances.

Washington Aqueduct Agreement

The County entered into an agreement dated as of July 17, 1997 (the "Water Sales Agreement") with the United States of America acting through the Secretary of the Army providing for the sale and furnishing of water to the County from the Washington Aqueduct. The County has pledged the revenues derived from the ownership and operation of its water system to secure its pro rata share of Aqueduct operating costs, including operations and maintenance, the cost of any water purchases for resale, and debt service on certain loans made by the Secretary of the Treasury to the District of Columbia and the Secretary of the Army and debt service on certain bonds previously issued by the District of Columbia, all of which were incurred to finance improvements to the Secretary of the Army's water system. Additional information on the Water Sales Agreement can be requested from the County's Department of Environmental Services, Utilities Service Office at (703) 228-3601.

Wastewater & Water Rates

Retail rates for fiscal years 2011 through 2016 are shown in the following table. The typical residential customer pays \$77.41 per month, assuming annual consumption of 70,000 gallons. Historically, rate increases have been effective on May 1 prior to the start of the fiscal year.

**FY 2011 – FY 2016 Wastewater & Water Rates
Per 1,000 Gallons of Metered Water Usage**

Fiscal Year	Water	Wastewater	Total	Percent Change
2011	\$3.50	\$8.24	\$11.74	5%
2012	\$3.68	\$8.51	\$12.19	4%
2013	\$3.98	\$8.63	\$12.61	3%
2014	\$3.98	\$8.63	\$12.61	0%
2015	\$4.10	\$8.94	\$13.04	3%
2016	\$4.21	\$9.06	\$13.27	2%

The County also charges a variety of other water and wastewater fees to its retail customers, including infrastructure availability fees, connection fees, pretreatment fees, late charges, and new account fees, among others.

Outstanding Debt

As of June 30, 2015, general obligation debt outstanding attributable to the Utilities Fund totaled \$107,467,060. As of June 30, 2015, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$219,832,909. The following table shows future debt service on these obligations.

Fiscal Year Ended June 30	Total Existing GO Debt Service			VRA Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	8,423,257	4,426,298	12,849,554	13,955,488	6,317,804	20,273,292	22,378,745	10,744,102	33,122,847
2017	8,338,789	4,014,796	12,353,585	14,365,030	5,908,262	20,273,293	22,703,819	9,923,059	32,626,878
2018	8,028,165	3,983,681	12,011,846	14,786,718	5,486,574	20,273,293	22,814,883	9,470,255	32,285,138
2019	7,992,778	3,387,068	11,379,847	15,220,916	5,052,376	20,273,293	23,213,694	8,439,445	31,653,139
2020	7,490,101	3,044,253	10,534,354	15,668,000	4,605,293	20,273,293	23,158,101	7,649,546	30,807,647
2021	7,765,216	2,755,095	10,520,311	16,128,354	4,144,939	20,273,293	23,893,570	6,900,034	30,793,604
2022	7,360,546	2,361,604	9,722,150	16,602,378	3,670,915	20,273,293	23,962,924	6,032,518	29,995,443
2023	7,650,000	2,040,463	9,690,463	17,090,481	3,182,811	20,273,293	24,740,481	5,223,275	29,963,756
2024	7,753,209	1,680,161	9,433,370	17,593,086	2,680,206	20,273,293	25,346,296	4,360,367	29,706,663
2025	8,110,000	1,323,416	9,433,416	18,110,629	2,162,664	20,273,293	26,220,629	3,486,080	29,706,709
2026	8,130,000	975,445	9,105,445	18,643,556	1,629,737	20,273,293	26,773,556	2,605,182	29,378,738
2027	6,285,000	684,056	6,969,056	12,393,450	1,133,248	13,526,698	18,678,450	1,817,304	20,495,753
2028	4,435,000	473,820	4,908,820	12,746,149	780,548	13,526,697	17,181,149	1,254,368	18,435,517
2029	2,370,000	338,621	2,708,621	7,790,496	451,292	8,241,788	10,160,496	789,912	10,950,408
2030	2,370,000	249,046	2,619,046	6,341,862	214,144	6,556,007	8,711,862	463,190	9,175,053
2031	2,370,000	159,209	2,529,209	2,396,314	38,799	2,435,113	4,766,314	198,009	4,964,322
2032	1,410,000	82,792	1,492,792	-	-	-	1,410,000	82,792	1,492,792
2033	800,000	33,663	833,663	-	-	-	800,000	33,663	833,663
2034	235,000	11,625	246,625	-	-	-	235,000	11,625	246,625
2035	150,000	2,813	152,813	-	-	-	150,000	2,813	152,813
	107,467,060	32,027,925	139,494,985	219,832,909	47,459,614	267,292,522	327,299,969	79,487,538	406,787,507

Historical debt service coverage can be found in Table J-2 of the Statistical Section, and additional information on debt attributable to the Utilities Fund can be found in Exhibit S-3, the Combined Schedule of Long-Term Obligations.

Other Financial & Legal Information

Additional financial information on the Utilities Fund can be found in Exhibits D-1, D-2, and D-3 and the accompanying Notes to the Financial Statements, including a statement regarding significant litigation, if any. Information on insurance coverage can be found in Table Q of the Statistical Section. Required certificates from the County and its independent engineer can be found in Tables T and W of the Statistical Section. Information on management of the County and the Department of Environmental Services and the Department of Management and Finance can be found in the Introductory Section.



DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER POLLUTION CONTROL BUREAU

3402 S Glebe Rd. Arlington, VA 22202
TEL 703-228-6820 FAX 703-228-6875 TTY 703-228-4611 www.arlingtonva.us

April 10, 2015

Mr. Larry Slattery
Arlington County Water Pollution Control Bureau
3402 S. Glebe Road
Arlington, VA 22202

Dear Mr. Slattery,

Pursuant to Section 5.3 of the Financing Agreement dated as of June 28, 2005 (the "Financing Agreement") between the Virginia Resources Authority as administrator of the Virginia Revolving Loan Fund, and Arlington County ("the County"), the undersigned states the following based on my inquiry of the person or persons who manage the system and whose persons directly responsible for gathering the information:

1. I am a Professional Engineer employed by Arlington County at the Water Pollution Control Bureau (WPCB).
2. For the fiscal year that will end on June 30, 2016, the County has prepared a budget that
 - a. contains an appropriate estimation of costs for maintenance, repair, replacement and operations, and,
 - b. establishes the proper rates in order to satisfy the rate covenant in Section 5.2 of the Financing Agreement.

Dated: April 10, 2015

By: Demetri W. O'Boe
Professional Engineer, 0402037947
Arlington County WPCB

cc: Krista Bourgon Abele, Utilities Fund Manager, Department of Environmental Services
David Walmsley, Technical Services Manager, ACWPCB



FEDERALLY ASSISTED PROGRAMS

In June 1996, the U.S. Office of Management and Budget revised OMB Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations." The underlying concept of this circular is to establish uniform audit requirements for state, local government, and non-profit organizations that receive federal awards.

Contained in this section are the following independent Auditor's Reports on:

- Schedule of Expenditures of Federal Awards;
- Compliance and on Internal Control over Financial Reporting; and
- Compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

The Honorable Members of the County Board
Arlington County, Virginia

We have audited the basic financial statements of Arlington County, Virginia (the County), as of and for the year ended June 30, 2015, and have issued our report thereon dated October 30, 2015, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Arlington, Virginia
October 30, 2015



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Members of the County Board
Arlington County, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities and aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund of Arlington County, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 30, 2015. Our report included a reference to other auditors who audited the financial statements of Gates Partnership as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting on compliance and other matters that are reviewed separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Arlington, Virginia
October 30, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE,
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Members of the County Board
Arlington County, Virginia

Report on Compliance for Each Major Federal Program

We have audited Arlington County, Virginia's (the County) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Gates Partnership, which is not included in the schedule for the year ended June 30, 2015. Our audit, described below, did not include the operations of Gates Partnership.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on each major federal program is not modified with respect to this matter.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 that we consider to be significant deficiencies.

The County's responses to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the accompanying financial statements of the governmental activities, the business-type activities and aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund of Arlington County, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 30, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Arlington, Virginia
October 30, 2015

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass Through State of Virginia			
Department of Social Services:			
Refugee Programs - Indo-Chinese Refugee Relief	93.566	State Allocation	\$ 50,047
Social Services Block Grant (Purchased Services)	93.667	State Allocation	798,072
Medicaid Cluster:			
Medical Assistance	93.778	State Allocation	2,603,158
Total Medicaid Cluster:			<u>2,603,158</u>
Child Care and Development Fund Cluster:			
Child Care Purchased Services	93.596	State Allocation	197,824
Total Child Care and Development Fund Cluster:			<u>197,824</u>
Temporary Assistance to Needy Families Cluster:			
View Purchased Services	93.558	State Allocation	1,299,004
Total Temporary Assistance to Needy Families Cluster:			<u>1,299,004</u>
FAMIS Outreach Grant	93.767	State Allocation	76,863
ILP Education & Training Vouchers	93.599	State Allocation	10,537
Family Preservation	93.556	State Allocation	54,379
Independent Living	93.674	State Allocation	23,712
Foster Care	93.658	State Allocation	1,090,162
Adoption	93.659	State Allocation	606,468
Admin Title IV-B1	93.645	State Allocation	9,398
Fuel Assistance Program(765/452-06)	93.568	State Allocation	110,504
Total Department of Social Services			<u>6,930,128</u>
Pass Through State of Virginia			
Department of Health Services:			
Immunization Grant	93.268	state allocation	61,234
Family Planning Grant	93.217	state allocation	106,347
Maternal and Child Health Grant	93.994	state allocation	89,599
TB Outreach Grant	93.116	state allocation	60,000
Total Department of Health Services			<u>317,180</u>
Pass Through State of Virginia			
Alcohol and Drug Abuse and Mental Health Services			
Block Grant(790/445-01/455-02)			
Homeless-Mental Path	93.150	state allocation	83,233
Integrated Behavioral - Primary Care	93.243	state allocation	374,130
SA Treatment FBG	93.959	state allocation	373,650
SA SARPOS FBG	93.959	state allocation	94,197
Total Alcohol and Drug Abuse and Mental Health Services			<u>925,210</u>
Pass Through State of Virginia			
Department for the Aging- Older Americans Act			
Aging Cluster:			
Title III-B-Area Plan	93.044	state allocation	210,357
Title III-C-Nutrition	93.045	state allocation	140,294
Total Aging Cluster:			<u>350,651</u>
Title III-E- National Family Caregiver Support	93.052	state allocation	1,171
Title VII-Elder Abuse Prevention	93.041	state allocation	1,522
Senior Medicare Patrol Project	93.048	state allocation	3,250
Door Through Door	93.048	state allocation	53,903

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
U.S. Department of Health and Human Services (cont.)			
Pass Through State of Virginia			
Department for the Aging- Older Americans Act (cont.)			
Centers for Medicare and Medicaid Services	93.546	state allocation	\$ 825,643
MH FMBG Geriatric Project	93.958	state allocation	433,400
Mental Health -Seriously mentally III	93.958	state allocation	36,745
Health Insurance Counseling & Assistance	93.779	state allocation	45,179
Total Department for the Aging- Older Americans Act			1,751,464
U.S. Department of Health and Human Services			
Direct Federal Payments			
Community Service Block Grant	93.569	N/A	139,760
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			10,063,742
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Federal Payments			
Community Development Block Grants/ Entitlement Grants:			
Twenty-ninth Entitlement (B03UC51002)	14.218	N/A	12,440
Thirty-first Entitlement(B05UC51002)	14.218	N/A	20,140
Thirty-third Entitlement(B05UC51002)	14.218	N/A	421
Thirty-fifth Entitlement(B09UC51002)	14.218	N/A	29,724
Thirty-sixth Entitlement(B10UC51002)	14.218	N/A	138,552
Thirty-eighth Entitlement(B12UC51002)	14.218	N/A	337
Thirty-ninth Entitlement(B13UC51002)	14.218	N/A	52,903
Fortieth Entitlement(B14UC51002)	14.218		898,314
Subtotal Community Development Block Grants/ Entitlement Grants			1,152,831
CDBG Program income spent	14.218	N/A	-
Total Community Development Block Grants/ Entitlement Grants			1,152,831
Section 8 Housing Choice Vouchers Cluster:			
Voucher Program (VAO28VO015-023)	14.871	N/A	14,923,482
HUD-Family Unification Program	14.880	N/A	563,975
Voucher Program - Administrative Expense	14.871	N/A	1,442,274
Total Section 8 Housing Choice Vouchers Cluster:			16,929,731
HUD-Shelter Plus Care - Rental Assistance	14.240	N/A	234,729
HUD-HOPWA-Rental Assistance	14.241	N/A	54,332
HUD-Supportive Housing Program- Administrative Exp.	14.235	N/A	271,557
HOME Administration Grant	14.239	N/A	32,955
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			18,676,135
U.S. DEPARTMENT OF EDUCATION			
Pass Through State of Virginia			
Department of Education			
Elementary and Secondary Education Act-			
Title I (197/171/01)	84.010	state allocation	1,926,698
Significant Improvement Grant Cluster:			
Title I Reading Recovery - Sub grantee (Shippensburg State)-ARRA	84.377	state allocation	20,214
Title I Part A 1003 G School Improvement-ARRA	84.377	state allocation	1,457
Total Significant Improvement Grant Cluster:			21,671

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (cont.)			
Pass Through State of Virginia			
Department of Education (cont.)			
Special Education Cluster:			
Learning and Library Resources- Pre-School Incentive	84.173	state allocation	\$ 64,244
IDEA Part B Section 611 (197/171-02)	84.027	state allocation	3,847,854
Total Special Education Cluster:			<u>3,912,098</u>
21st Century Community Learning Centers	84.287	state allocation	30,321
Title III, Part A (NCLB) Emergency Immigration (197/171-06)	84.365	state allocation	575,832
Vocational Education Act - Carl D Perkins PL-101-392	84.048	state allocation	239,045
Education for Homeless Children & Youth (Stuart B McKinney)	84.196	state allocation	25,730
Title II, Part A Improving Teacher Quality	84.367	state allocation	620,381
Safe Routes to School	84.205	state allocation	61,624
AEFLA -processed through Fairfax	84.002		175,612
Pass Through State of Virginia			
Alcohol and Drug Abuse and Mental Health Services			
Early Intervention Funds (PIE-PART C)	84.181	state allocation	1,007,694
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>8,596,706</u>
U.S. DEPARTMENT OF LABOR			
Pass Through State of Virginia			
Virginia Community College System:			
Workforce Investment Act Cluster:			
WIA-Admin. (Adult)	17.258	LWA 12-09	24,924
WIA-Admin. (Youth)	17.259	LWA 12-09	23,344
WIA-Admin. (Disclocated)	17.278	LWA 12-09	23,852
WIA-Adult	17.258	LWA 12-09	253,246
WIA-Youth	17.259	LWA 12-09	215,057
WIA-Incentive Grant	17.278		4,000
WIA - Dislocated - Incentive awards - Culinary skills training	17.278	LWA 12-09	43,618
WIA-Statewide-Rapid Response Veterans Employment Grant	17.278	LWA 12-09	8,643
WIA-Dislocated	17.278	LWA 12-09	243,791
Business Services Capacity Building Initiative	17.278	LWA 12-09	22,196
TOTAL U.S. DEPARTMENT OF LABOR			<u>862,671</u>
U.S. DEPARTMENT OF AGRICULTURE			
Pass Through State of Virginia			
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program (197/457-02)	10.555	none	3,405,533
National School Breakfast Program	10.553	none	739,514
Dept. Agriculture and Consumer Services			
USDA Donated Commodities	10.555	none	404,013
Total Child Nutrition Cluster			<u>4,549,060</u>
Parent/Teen Infant	10.558	none	24,229
WIC Grant	10.577	state allocation	670,000
WIC Grant--Breastfeeding Peer Counselors	10.577	state allocation	23,689
WIC Grant--Outreach	10.577	state allocation	15,460
SNAP Cluster:			
FSET - Transportation & POS	10.561	state allocation	8,547
Administrative Matching Grants for Food Stamps	10.561	state allocation	2,233,802
Total SNAP Cluster:			<u>2,242,349</u>
Pass Through State of Virginia			
Department for the Aging			
Older Americans Act Title III USDA (163/457-02)	10.570	state allocation	50,277
Older Americans Act Title III USDA	10.570	state allocation	4,237
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>7,579,301</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Federal Payments:			
High Intensity Drug Trafficking Area (HIDTA)	16.000	N/A	\$ 160,928
Arlington Gang Initiative Grant	16.544	N/A	11,711
Crime Victim Assistance	16.575	N/A	130,893
Joint Terrorism Task Force	16.579	N/A	13,071
DEA Task Force	16.579	N/A	34,935
State Criminals Alien Assistance Service	16.606	N/A	106,010
2013 COPS Hiring Grant	16.710	N/A	217,036
JAG Program Cluster:			
Regional Gang Tsk Force	16.738	N/A	13,500
Justice Assistance Grant	16.738	N/A	85,227
Total JAG Program Cluster:			<u>98,727</u>
FY 13 Adult Drug Court Discretionary Grant	16.585	N/A	101,259
ODJ- Seized Assets	16.922	N/A	416,392
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>1,290,962</u>
EXECUTIVE OFFICE OF THE PRESIDENT			
High Intensity Drug Trafficking Area (HIDTA)	95.001	N/A	190,709
HIDTA Task Force	95.001	N/A	30,829
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			<u>221,538</u>
U.S. DEPARTMENT OF THE TREASURY			
Direct Federal Payments:			
Treasury- Seized Assets	21.000	N/A	326,495
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>326,495</u>
U.S. DEPARTMENT OF THE INTERIOR			
Direct Federal Payments:			
Air Force Junior Reserve Officer Training	12.000	N/A	123,663
NSA Research Grant & Cooperative Agreement	12.900	N/A	58,995
Pass-through State of Virginia			
Office of Emergency Management			
Depat. Emergency Management	12.614		328,813
TOTAL U.S. DEPARTMENT OF THE INTERIOR			<u>511,471</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct Federal Payments:			
AMERICORPS	94.006	N/A	126,589
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Pass Through Payments:			
EPA State and Tribal Assistance Grants	66.202		40,757
Pass Through Payments:			
Congestion Mitigation Air Quality	66.001	47010-01	3,642,229
Direct Federal Payments:			
National Fish and Wildlife Foundation	66.466	N/A	62,855
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>3,745,841</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Federal Payments:			
Highway Safety Cluster:			
DMV Highway Safety Program Selective Enforcement - Speed	20.600	N/A	\$ 18,538
Total Highway Safety Cluster:			<u>18,538</u>
DMV Highway Safety Program Selective Enforcement - Alcohol	20.607	N/A	16,187
DMV Highway Safety Program Selective Enforcement Pedestrian/Bicycle	20.616	N/A	992
2015 DMV Highway Safety Program Selective Enforcement Occupant Protection	20.602		3,607
Federal Transit Cluster:			
Transit Program	20.500	N/A	3,540,655
Transit Security	20.507	N/A	1,391,315
Total Federal Transit Cluster:			<u>4,931,970</u>
Pass Through State of Virginia Department of Transportation			
Highway Planning and Construction Cluster:			
Roadway Improvements	20.205	various	2,260,228
Total Highway Planning and Construction Cluster:			<u>2,260,228</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>7,231,522</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-through State of Virginia			
Office of Emergency Management			
Urban Area Security Initiative (UASI)	97.008		105,909
Local Emergency Management Program Grant	97.042		68,593
DHS State Homeland Security	97.067		451,579
Northern Virginia Regional Identification System-UASI	97.067		3,809
Urban Area Security Initiative (12USAI)	97.067		17,676
Urban Area Security Initiative (13USAI)	97.067		1,872,229
Urban Area Security Initiative (14USAI)	97.067		12,706
Citizen Corps Grant	97.073		26,268
Transit-FEMA	97.075		80,000
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>2,638,769</u>
TOTAL FEDERALLY ASSISTED PROGRAMS			<u>\$ 61,871,742</u>

ARLINGTON COUNTY, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

NOTE 1. BASIS OF PRESENTION

The schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting in all material respects and includes all expenditures of federal awards administered by the County. Several programs are funded jointly by the Commonwealth of Virginia and the County in accordance with matching requirements of the various federal grants. Costs incurred for such programs are applied to Federal grant funds in accordance with the terms of the related Federal grants with the remainder applied to funds provided by the Commonwealth of Virginia and the County.

All costs charged to Federal Awards are determined based on the applicable Federal grants and OMB Circular A-87, Costs Principles Applicable to Grants and Contracts with State and Local Governments. The County's Federal grants are also managed in accordance with the requirements of OBM Circular A-102, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments.

NOTE 2. FEDERAL COGNIZANT AGENCY

The Federal cognizant agency for the County is the U.S. Department of Health and Human Services.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____	X	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____	X	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	Yes	_____	_____	None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	X	Yes	_____	No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Homeland Security	97.067
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Special Education Cluster	84.027, 84.173
Congestion Mitigation Air Quality	66.001
Federal Transit Cluster	20.500/20.507
Section 8 Housing Choice Vouchers	14.871

Dollar threshold used to distinguish between type A and type B programs \$1,856,152

Auditee qualified as low-risk auditee?	_____	Yes	_____	X	No
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ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

II. Financial Statement Findings

None noted

III. Federal Award Findings and Questioned Costs

Reference Number: 2015-001

Federal Agency: U.S. Department of Homeland Security

Pass-through Agency: District of Columbia Department of Homeland Security

Federal Program: UASI/Homeland Security

CFDA Number: 97.067

Compliance Requirement: Period of Availability

Type of Finding: Control, Significant Deficiency

Criteria or specific requirement:

Control: The A-102 Common Rule and its attachments found in 34 CFR 80 require that non-Federal entities receiving Federal awards (i.e., management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition/Context:

Arlington County Office of Emergency Management (OME) did not accurately report SEFA expenditures. Expenditures for 4 out of 9 grants were in accurately reported on the Schedule of Expenditures of Federal Awards (SEFA).

Questioned costs: none noted, as all program costs tested were allowable and the non-federal costs were not requested for reimbursement.

Cause:

The error was due to all program costs (federal and non-federal) being reported on the SEFA not only the federal costs.

Effect:

The SEFA is overstated and may be incorrectly reported to pass-through and federal granting agencies.

Recommendation:

We recommend that the County should develop and implement procedures for reporting federal program expenditures on the SEFA.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Views of responsible officials and planned corrective actions:

Arlington OEM has taken immediate correction actions for SEFA reporting on UASI grants. The corrective action was implemented in Q1 of FY 2016, and requires monthly reviews and sign-off on all general ledger transactions for federal and non-federal expenditures. Eligible federal expenses are tracked and identified as “SEFA eligible”. In addition, an OEM SEFA report has been created with a process to populate and review on a quarterly basis. The internal report contains a line for each grant and grant year, thereby simplifying the reporting, analysis, and reconciliation of federal expenditures

Program Contact Name: Jeffrey Bergin

Program Contact Phone Number: 703-228-7939

Anticipated Completion Date: Completed during Q1 of FY 2016.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Reference Number: 2015-002

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: Section 8 Housing Choice Vouchers

CFDA Number: 14.871, 14.880

Compliance Requirement: Special Testing: Rent Reasonableness

Type of Finding: Control and Compliance, Significant Deficiency

Criteria or specific requirement:

Control: The A-102 Common Rule and its attachments found in 34 CFR 80 require that non-Federal entities receiving Federal awards (i.e., management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Compliance: The PHA must determine that the rent to owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a five percent decrease in the published Fair Market Rent in effect 60 days before the HAP contract anniversary. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract).

Condition/Context:

The rent amount used to calculate the HAP for 1 out of 18 new tenant files reviewed was incorrect. The approved rent amount was \$1,603 instead of the documented and landlord agreed amount of \$1,423.

Questioned costs:

\$1,429, total HAP overpayment paid to landlord.

Cause:

The rent reporting error was due to an oversight.

Effect:

The HAPs based on the incorrect rent amount were overstated.

Recommendation:

We recommend the County re-iterate their procedures for updating tenant HAP files.

Views of responsible officials and planned corrective actions:

The County and landlord are in the process of revising the tenant's lease agreement to reflect the negotiated rent amount of \$1,423. The landlord has agreed to repay the overpayment of \$1,429 to the County. The County has communicated the current procedures for updating tenant files to ensure all changes are accurately reflected in the HAP calculation.

Program Contact Name: Peggy J. Pimentel, Ed.D
Program Contact Phone Number: 703-228-1455
Anticipated Completion Date: October 26, 2015

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2015

None Noted

Arlington County Vision

“Arlington will be a diverse and inclusive world-class urban community with secure, attractive residential and commercial neighborhoods where people unite to form a caring, learning, participating, sustainable community in which each person is important.”

— Arlington County Board



Department of Management and Finance
2100 Clarendon Boulevard
Suite 501
Arlington, VA 22201
703.228.3415
www.arlingtonva.us